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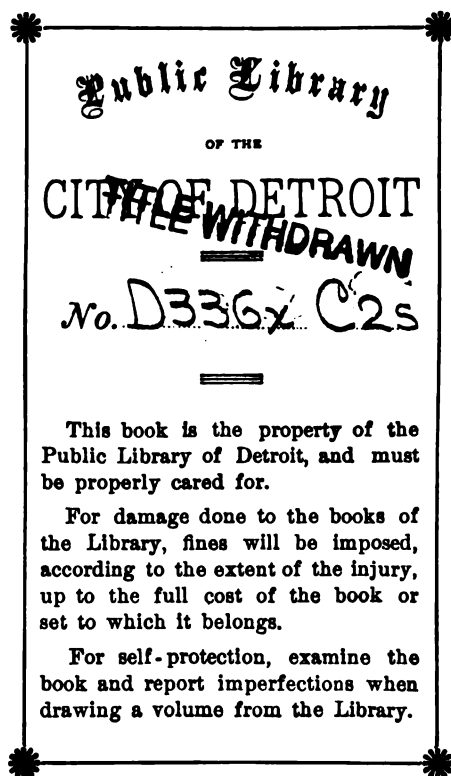
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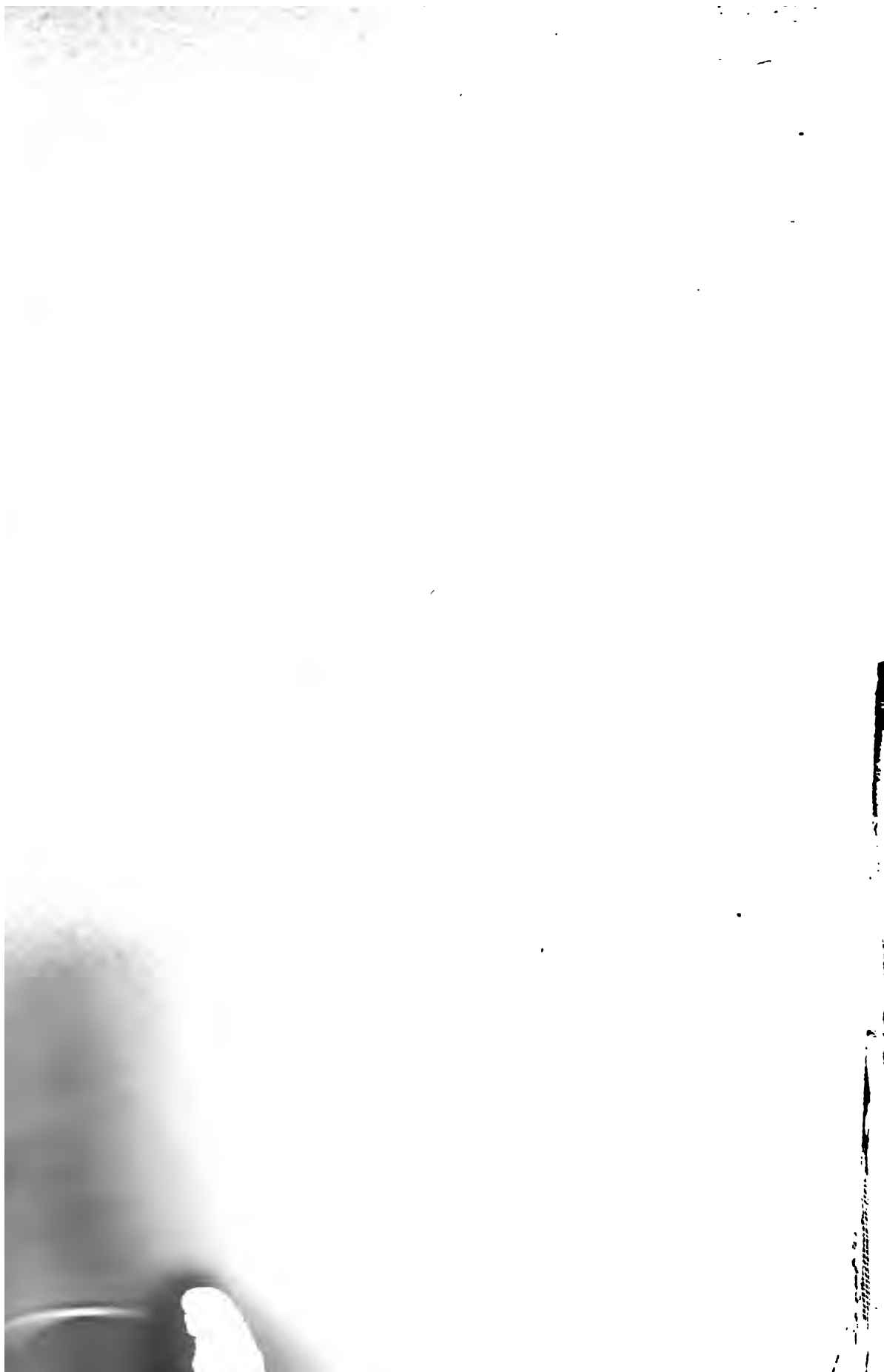
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FIRST REPORT
OF
THE SELECT STANDING COMMITTEE
ON
PUBLIC ACCOUNTS.

Printed by Order of the Legislative Assembly.



TITLE WITHDRAWN

TORONTO :
JOHN LOVELL, PRINTER, CORNER OF YONGE AND MELINDA STREETS.
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ORDER OF REFERENCE.

SELECT STANDING COMMITTEE ON PUBLIC ACCOUNTS.

LEGISLATIVE ASSEMBLY,

FRIDAY, 26th February, 1858.

Resolved,—That a Select Standing Committee of Public Accounts be appointed to examine and inquire into all such matters and things as may be referred to it by the House, and to report from time to time their observations and opinions thereon; with power to send for persons, papers, and records.

Ordered,—That

THE HON. MR. CAYLEY,
MR. FOLEY,
MR. CHAPAIS,
MR. BROWN,
MR. SIMARD,
MR. FERRES,
MR. BUCHANAN,
MR. STARNES,
MR. LE BOUTILLIER,
MR. SOMERVILLE,
MR. MATTICE,
MR. DUBORD,
MR. GALT,
MR. JOHN CAMERON,
MR. HOWLAND,
MR. HOGAN, and
MR. WHITE,

Do compose the said Committee.

Attest,

W. B. LINDSAY,
Clerk of Assembly.

FIRST REPORT.

THE Standing Committee on PUBLIC ACCOUNTS beg leave to present their FIRST REPORT :—

Your Committee have, in obedience to the Order of Reference, proceeded to the investigation of the Public Accounts of the Province, and, having examined several witnesses touching such investigation, they respectfully beg leave herewith to report, for the information of Your Honorable House, the proceedings and evidence taken before them up to the present time.

The whole, nevertheless, humbly submitted.

A. T. GALT,
Chairman.

Committee Room, 28th June, 1858.

MINUTES AND PROCEEDINGS OF THE COMMITTEE.

Friday, 9th April, 1858.

THE COMMITTEE MET.

MEMBERS PRESENT :

ALEXANDER T. GALT, Esquire, in the Chair.

The Hon. MR. CAYLEY,
 MR. FOLEY,
 MR. CHAPAIS,
 MR. BROWN,
 MR. SIMARD,
 MR. BUCHANAN,
 MR. LE BOUTILLIER,
 MR. SOMERVILLE,
 MR. MATTICE,
 MR. HOWLAND,
 MR. HOGAN, and
 MR. WHITE.

Read the Order of Reference.

Resolved,—That the Chairman move the House to reduce the quorum of the Committee to seven members.

The Committee deliberated.

Adjourned till Monday next, at 11 o'clock, A.M.

Monday, 12th April, 1858.

THE COMMITTEE MET.

MEMBERS PRESENT :

ALEXANDER T. GALT, ESQUIRE, in the Chair.

The Hon. Mr. CAYLEY,
Mr. FOLEY,
Mr. SIMARD,
Mr. STARNES,
Mr. LE BOUTILLIER,
Mr. SOMERVILLE,
Mr. MATTICE,
Mr. J. CAMERON, and
Mr. WHITE.

Read the Minutes of the last meeting.

The printed Public Accounts for 1856 were laid upon the table, and after some deliberation, it was

Ordered,—That Mr. *Dickinson* and Mr. *Langton* be desired to attend the Committee forthwith.

Pursuant to the order of the Committee—

John Langton, Esquire, attended, and was examined ;

Ques. 1 Will you please to state to the Committee the mode in which the Public Accounts are made out, with the changes that have been made since the appointment of the Board of Audit ; the authority by which the expenditure at each of the several Departments is made, and whether the gross receipts are in all cases paid in to the Receiver General ?—I hand in Report of the Board of Audit, of 19th March, 1858, addressed to the Inspector General, and will furnish the remaining information at the next meeting of the Committee.

REPORT OF THE BOARD OF AUDIT ADDRESSED TO THE INSPECTOR GENERAL, LAID BEFORE THE COMMITTEE.

BOARD OF AUDIT, Toronto, 19th March, 1858.

SIR,—Upon the occasion of presenting to you the Public Accounts for the year 1857, for your signature, the Board of Audit desire to lay before you the system by which they are at present checked and audited.

The Books in the Deputy Inspector General's Office, and in the Auditor's Office, so far as the payments are concerned, are each kept independently from the Warrants upon which all payments are made, and the comparison of these books at the end of the year, forms a check upon any error or omission which might have crept into either. The payments may be divided into three classes.

(1)—Payments of fixed amounts, and for definite objects, with respect to which no further Audit is required than to ascertain that the Warrants are regularly acquitted, and that the service is duly authorized, both of which circumstances are noted in both offices. Of this nature are Salaries, Grants to Public Institutions, &c.

(2).—Payments for services rendered of a variable character, where, besides the points above referred to, it is necessary to ascertain whether the services charged for have been rendered, and whether they are charged at the proper rate.

The auditing of these payments varies according to the nature of the service. If they are on account of the expenses of collecting the ordinary revenue, they are examined and certified by the Commissioner of Customs, or the Deputy Inspector General. If they relate to the administration of Justice, they are, according to the Audit Act, checked in the Deputy Inspector General's Office. If they relate to the payment of Interest on the Public Debt, they are also by the Act placed under the superintendence of the Deputy Inspector General, with an additional check from the books in the Receiver General's Department. An improved system has latterly been introduced, in this respect, both in the issuing and redeeming of coupons, and the payment of Interest is so given in the Accounts of this year, as to show how much was on account of arrears, how much for the current year, and what amount remains still outstanding. If the payments are on account of a branch of the Public Service, which is under the charge of a Department of the Executive, the Warrants issue upon the application of that Department, the only examination before the Warrants issue being whether there is any authority for the payment, but the details form a subject for audit afterwards, when the Quarterly Accounts are sent in. Of the latter character are all payments on account of Public Works, and some of the larger payments of other Departments, and such Warrants as are occasionally issued upon a special Order in Council belong to the same division. All the other warrants of this class issue after audit, upon the recommendation of the Auditor, to whom the applications and accounts are referred.

(3).—Accountable Warrants—with respect to which an entirely new system has been introduced during the last year. The several Accountants have now no power over the funds placed to their credit in the Bank, except upon official cheques, which state upon the face of them the purpose for which the money is drawn. These official cheques are, every month, sent by the Bank to the Audit Office. Several advantages arise from the new system. As the money remaining unexpended, on the accountable warrants, is as much public money as that still standing in the name of the Receiver General, the Government can, at the end of each month, ascertain the sum which remains on hand, and still subject to their control. Even if the parties, to whom the Funds have been entrusted, should be dilatory in rendering their proper Quarterly Accounts, the Auditor can ascertain, from the cheques, the state of each Account, and by a comparison of the cheques with the vouchers, when received, he can see whether any money has been, even temporarily, diverted to other purposes than those authorized. The expenditure, under accountable warrants, is audited as in the former class—those relating to the Customs and the Administration of Justice, being in charge of the Commissioner of Customs and the Deputy Inspector General, respectively, and all others in that of the Auditor.

All the payments in the two first classes are given in detail, in Statement No. 12, in the Unprovided Statement marked A, or in some of the Statements of expenditure on account of Special Funds, as submitted by the Deputy Inspector General. In many cases also, when the accounts are rendered in time, and the payments are not of too minute a character, the details of the expenditure under accountable warrants are given in the same statements from the accounts after audit, instead of charging the accountable warrants themselves, as in the instance of the Crown Land Department and the Militia. In other cases, the accountable warrants only appear in the General Statement, and the Auditor has furnished separate Statements of the manner in which the money has been expended. In the case of the Department of Public Works, and in some few other instances, all

the payments being made by separate warrants, the whole expenditure of the year is given from that source by the Deputy Inspector General; and each separate payment may be considered as of the nature of an accountable warrant, the checking of which comes subsequently under the supervision of the Auditor, as the Accounts and Vouchers are sent in.

By a late Order in Council, the practice which formerly prevailed, of the Bank making advances on the credit of the Province, under the name of Imprest Accounts, has been abolished; and for the future no payment can be made except upon a regular Warrant, and no Department can overdraw the amount which has been placed at its disposal. Under this system the Public Accounts would shew the exact expenditure of the year out of the public purse; but the accounts now submitted shew, in some instances, the details of a larger expenditure than that which is as yet charged against the Province or the Special Funds, because all the warrants for finally closing the accounts of the advances of the Bank had not issued at the end of the financial year. There will hereafter be only one exception to this rule, if, indeed, it may be considered an exception. The Monthly Pay Lists of the Departments, as well as those connected with the Customs, having been certified by the proper officer, are checked and entered in the Inspector General's Department, and the Bank is authorized by the Receiver General to pay them, a Quarterly Warrant issuing to the Bank to cover the aggregate amount.

The gross revenue, from all sources, is now paid in to the Receiver General, and the expenses of collection are defrayed by warrants, the few minor exceptions which continued to exist, having been assimilated to the rest of the system at the end of the year. The revenue from the Customs, Excise, and Tolls, is audited by the Commissioner of Customs and the Deputy Inspector General, the Returns being checked by the former, and the Deposits to the credit of the Receiver General being compared with the Returns in the office of the latter, where all accounts of sub-accountants connected with these branches of the revenue are kept. The Territorial Revenue, and the Receipts of the Post Office, are exclusively under the supervision of the Crown Lands and Post Office Departments; they check the Returns of the various Agents and Deputy Postmasters, and the results, as rendered with their quarterly accounts, are compared with the payments to the Receiver General by the Auditor of Public Accounts.

All which is respectfully submitted,

JOHN LANGTON,
Auditor.

R. S. M. BOUCHETTE,
Commissioner of Customs.

WILLIAM DICKINSON,
Acting Deputy Inspector General.

The Honorable the Inspector General.

Ques. 2. Have you verified the Debentures held for special funds, as shown in the Statement for 1856, £573,625 13s. 4d., and where are the same deposited?
—Yes. The securities are lodged in the Receiver General's Safe, and in the Banks.

(Witness withdrew.)

W. Dickinson, Esquire, Deputy Inspector General, was called.

The Committee desired Mr. Dickinson to furnish the following information :

- 1. Balance sheet of 31st December, 1856, by way of establishing correctness of General Statement, and of the Annual Statement.

	£	s.	d.
2. Statement of Roads and Bridges, Upper Canada	513,670	16	4
3. do do Lower Canada	313,498	12	5
4. Miscellaneous	235,048	0	11
5. Provincial Penitentiary.....	34,207	15	0
6. Explanation respecting—			
Loans to Incorporated Companies,			
“ how made ?			
“ what security ?			
“ if any Return of Principal or Interest has been made ?			
7. Quebec Loan.—Statement of Account.			
8. Statement showing Cash Balance ; where deposited.			

(Witness withdrew.)

Adjourned till 12 o'clock noon to-morrow.

Tuesday, 13th April, 1858.

THE COMMITTEE MET.

MEMBERS PRESENT:

ALEXANDER T. GALT, Esquire, in the Chair.

The Hon. MR. CAYLEY,
MR. FOLEY,
MR. CHAPAIN,
MR. STARNES,
MR. LE BOUTILLIER,
MR. SOMERVILLE,
MR. J. CAMERON,
MR. HOGAN,
MR. WHITE.

Read the Minutes of the last Meeting.

It was

Resolved—That in future the Committee do adjourn if a Quorum be not present within fifteen minutes from the appointed time of meeting.

John Langton, Esq., Auditor of Public Accounts, was again called.

Ques. 8. Will you state more fully to the Committee the mode in which you verified the Debentures held for Special Funds?—The Debentures in which the Special Funds are invested are deposited principally in the Receiver General's Safe, under the joint lock of the Receiver General and the Inspector General, and partly in the different Banks. I received from the banks certificates of the amounts held by them, and on the 17th of January, 1857, I counted over the Debentures in the Receiver General's Safe, and by comparison of the amounts found there with the changes of investment which had taken place since January 1st, according to the Inspector General's books, I ascertained that the amount given in page 4 of the Public Accounts of 1856 is correct.

Ques. 4. Will you state what decision has been come to in regard to the extension of statements Nos. 3 and 12, for the purpose of shewing the whole expenditure of the Province under every head?—I understand that it is the intention of the Inspector General that the Statements should for the future include the whole expenditure.

The witness handed in a written reply to Question No. 1, as promised at the last meeting, as follows :

The report of the Board of Audit to the Inspector General, which is embodied in his report appended to the Public Accounts of 1857, sufficiently explains the manner in which the Public Accounts are audited and made out.

The changes which have been made since the appointment of the Board of Audit have been introduced gradually. The rendering of quarterly accounts, the change in the period of the financial year, and the uniform ending of the quarters, were amongst the first changes. Several improvements were introduced into the form of the published accounts of 1856 by transferring to the Consolidated Fund some accounts which only rendered the statement of affairs (No. 1) complicated—by including in Statement No. 12 some payments which formerly appeared elsewhere—and by the addition of separate subsidiary statements of the details of expenditure, which had often not been included in the Public Accounts at all. Still more improvements of a similar character have been introduced into those of 1857 ; but it would be desirable to extend still further Statement No. 12 and the abstract of it, Statement No. 3, by including in them all the expenditure of the country, whether chargeable on the Consolidated Fund or not, and by deducting under each head the amounts not provided for, or chargeable on special funds.

The Crown Lands Department set the example of paying in the gross Revenue, from immediately after the passing of the Audit Act, and in 1857 the same system was introduced into the Customs, and in the two last quarters into the Post Office. At the close of the year 1857 there remained only three exceptions to the rule, the Supervisor of Cullers, the Money Order Branch of the Post Office, and the fees on Letters Patent received by the Bureau of Agriculture. In 1858 the gross Revenue will be paid in, in all cases, unless the Law Fee Funds in Upper and Lower Canada be considered an exception. The salaries of County Judges in Upper Canada, and those of several law officers in Lower Canada, are paid partly by fees, any deficiency being made up from the Consolidated Fund, and the surplus, in those cases where a surplus exists, being paid to the Receiver General. Perhaps it might be more correct if the Law fees were placed upon the same footing as the rest of the receipts. There remain, however, some public accountants who are in the receipt of money from other sources than the Government ; as the Penitentiary, the Lunatic Asylum, the Trinity Houses, and the Superintendents of Schools ; but the casual receipts in all these cases are small, except in the case of the Penitentiary and the Superintendent of Schools for Upper Canada, where the amounts received in 1857 were respectively £11,375 5s. and £7,092 15s. 3d.

In all the public departments hereafter the salaries will be paid upon a uniform system, by monthly payments advanced by the Bank and covered by a quarterly warrant. This method, which has long prevailed in the other departments, was introduced in 1857 into the Department of Public Works, and in the latter half of the year into the Post Office ; but up to the end of the year the Crown Lands Department continued to pay its own salaries out of its accountable warrants.

Since the commencement of the present year, no payment can be made except upon a regular warrant, and no advance can be made by the Bank to any Department. From the beginning of 1857, the payment of Board of Works'

certificates by the Bank was stopped ; but the Imprest Account was not finally abolished till the end of the year, and at the commencement of the present year all the accounts for advances had not yet been closed.

One of the greatest improvements lately introduced has been that of accountable warrants, to be drawn against by official cheques, as explained in the report above alluded to—a system which commenced with the year 1857. Before the establishment of the Board of Audit, this branch of the accounts was one of the most imperfect. There was hardly any check upon the numerous accountable warrants, and no separate accounts were kept or published of them, the sub-accountant's ledger being confined to those parties who were engaged in the receipt of public moneys, and not in its expenditure.

Until the Board of Audit was constituted, the cash and securities were imperfectly checked. When Mr. Morrison succeeded Colonel Taché, as Receiver General, the securities held on account of Special Funds had not been counted over since the last change in that office, many years before. They are now examined every year : and this duty has been rendered easier and safer by the numerous small debentures, of which the investments consist, being consolidated where practicable, by exchanging them for a few large ones not payable to bearer, but to the Receiver General's order, and without coupons. The Inspector General has, since the commencement of the present year, obtained the sanction of the Executive Council to a further change, by which the Special Funds are to be allowed interest on their quarterly balances, and any investments held on account of them are to be consolidated into one account, to be called the "Special Fund Investment Account." This will be a great gain to the Special Funds, which were often very irregularly invested ; and it will very much simplify this important branch of the accounts, and prevent the suspicion of favoritism in the selection of debentures for investment. The cash, also, was only imperfectly checked. The Receiver General's books, at the end of every year, were compared with those of the Banks, and a statement of differences was made out. Such differences must always exist, as cheques drawn by the Receiver General are often not presented for some time, and deposits to his credit are made, of which he is not advised till long afterwards, or *vice versa*. Since the new system of paying in the gross revenue has been introduced, the number of such irregularities in transmitting certificates of deposit has very much increased. In one Department alone—the Crown Lands—which only commenced paying direct to the Receiver General after the passing of the Audit Act, in June, 1855, the unexplained differences have increased from something less than £400 at the end of 1855, to more than £1,500 at the end of 1857, causing a corresponding difference in the balance as given by me from their vouchers, in Statement No. 31 of the accounts of 1857, and as given by the Deputy Inspector General from his books, in Statement No. 1. Many of these differences had been running on unexplained for a long time, when I compared the cash balances at the end of 1856 ; but, since the close of 1857, they have been engaged in the Receiver General's office in clearing up the difficulties, and expect very soon to bring their statement of cash into accordance with the Bank books ; after which a particular clerk is to have charge of this subject, and the balances are to be cleared monthly.

A better system of checking the interest on the Public debt has been commenced, and the whole subject is presented in a much clearer manner in this year's Public Accounts. The Debentures themselves have always been signed by the Receiver General and the Inspector General or their Deputies, but the coupons were only signed by a clerk in the Receiver General's office ; and as the payments of the coupons were very imperfectly checked, it is evident that there was a great opening for possible fraud. The Board of Audit called attention to this loose sys-

tem at the beginning of 1857, and the coupons are now countersigned in both offices. The coupons, as sent out from our agents in England, are checked off in books prepared for that purpose ; but there was so heavy an arrear in this respect to bring up, that the checking has not yet reached the current time.

With regard to the other Departments which are engaged in the receipt and expenditure of public money, the Board of Works makes all payments by warrants which are granted in its certificates, some of the minor expenses being defrayed by warrants issued to paymasters, whose accounts become afterwards subjects for audit.

The Crown Land Department has hitherto paid all its expenditure out of accountable warrants, but it is proposed by the present Commissioner to reduce the amount of these warrants, separate warrants issuing where practicable, on applications from him similar to Board of Works certificates.

It is also proposed to place the Bureau of Agriculture and Statistics on the same footing, and that the fees on Patents, its only receipts at present, should be paid like other fees to Mr. Harrington.

With respect to the Post Office, from the great number of small payments to postmasters and mail contractors, it is doubtful whether much change can be conveniently made in the present system, which is as follows. They have three distinct Bank Accounts—the expenditure account, which consists of the accountable warrants on one side and the cheques drawn against them on the other—the Revenue account, to which all remittances from Postmasters are carried, and which is balanced weekly or oftener by transferring the whole to the credit of the Receiver General—and the Money Order account, in which there are no receipts or payments, properly so called, the whole account consisting of drafts upon, and deposits with the several agencies of the Bank.

Witness withdrew.

It was

Resolved—That the daily proceedings of the Committee be printed, for the use of the members.

Adjourned to the call of the Chair.

Tuesday, 20th April, 1858.

The Committee met pursuant to the call of the Chair.

MEMBERS PRESENT :

ALEXANDER T. GALT, Esquire, in the Chair.

The Hon. **MR. CAYLEY,**
MR. SIMARD,
MR. WHITE,
MR. MATTICE,
MR. STARNES,
MR. LE BOUTILLIER,
MR. BUCHANAN,
MR. CHAPAIS,
MR. HOGAN,
MR. DUBORD,
MR. FERRES, and
MR. SOMERVILLE.

Minutes of previous meeting read and confirmed.

The Chairman read the Order of the House referring to the Committee the Public Accounts for 1856 and 1857.

W. Dickinson, Esquire, Deputy Inspector General, and *Joseph Cary*, Esquire, of the Inspector General's Department, were called in and examined :

The Chairman put the following questions to *Mr. Cary* :

Ques. 5. Will you state to the Committee the nature of the check upon the accountable Warrants previous to the establishment of the Board of Audit.

Ques. 6. State the system adopted in the Inspector and Receiver General's Departments to secure the accurate checking of the securities held on account of Special Funds prior to the establishment of the Board of Audit.

Witness stated that he would hand in a written answer to the above questions at the next meeting of the Committee, and then withdrew.

The Chairman then put the following questions to *Mr. Dickinson* :

Ques. 7. Does the Statement No. 1, in the Public Accounts of 1856, exactly correspond with the balance sheet of the Ledger of the Inspector General's Department?—It exactly corresponds, except that the debentures are subdivided according to the Acts under which they were issued.

Ques. 8. Are the accounts with the several collectors kept in your department? Where are the balances due by them shown, and why do they not appear in the General Balance Sheet?—Yes, the accounts are kept in the Inspector General's Department: the balances outstanding are shown at the close of the Custom's Statement, folio 16, particulars of which can be furnished from our sub-Accountant's ledger if they are required. These balances are deducted from the gross Revenue, and thereby made to agree with the cash receipts.

Ques. 9. Will you furnish the Committee with the particular balances forming the sum of £20,648 8s. 6d., together with explanations as to the periods for which the same have been due. The same with reference to Excise and Canal Collections?—I will furnish it at the next meeting of the Committee.

Ques. 10. Will you state why the Consolidated Fund Account (Statement No. 2) has been charged with "Losses, &c.," to the amount of £274,628 10s. 11d.?—In the Public Accounts of former years, the items referred to appeared in the Statement of Affairs, which account is intended to represent the expenditure on account of Public Works, and the debentures issued on account of them, as also the assets and liabilities of the Province; but as the two first could not be considered assets, it was thought better to withdraw them from the statement of affairs, and carry the sums to the Consolidated Fund; and the other items being more properly applicable to the same account, they were transferred in like manner.

Ques. 11. Referring to the deduction from Consolidated Fund Balance (Statement 3, page 11) of £5,656 5s. 10d., and to detailed statement thereof (page 259), please to state what these payments are, and why only chargeable in 1856?—These are payments made in the year 1856, being balances of appropriations provided for under estimate of 1847.

Ques. 12. Are you able to give the Committee any explanation why so great delay occurred as that the amount remained unexpended from 1847 to 1856.—The payment was made in 1856, and I can ascertain from the accounts rendered when the amount was actually expended.

Ques. 13. Is the statement (No. 6) of Territorial Revenue prepared by the Crown Lands Department, and can you furnish the explanations required by the Committee?—It is prepared by the Crown Lands Department, which can best furnish the explanation required.

Ques. 14. How is the statement of Bank duties verified?—The statement is rendered to the Department of the Inspector General under oath and checked by the audit office. The total amount in circulation is given, and a certificate of the deposit is transmitted to the Receiver General's Department, the amount of which is entered to the credit of the Bank in the Inspector General's Department and must correspond with the amount as rendered by the audit office.

Ques. 15. By whom is statement No. 8 prepared, and where can the Committee receive the necessary explanation?—The returns of revenue are rendered to the Inspector General's Department, and are checked with regularity; but with reference to the expenditure, I beg to refer to the Public Works Department for such explanation as may be required.

The witness then withdrew.

The Committee then adjourned until to-morrow at 11 A. M.

Wednesday, 21st April, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

ALEXANDER T. GALT, Esquire, in the Chair.

The Hon. MR. CAYLEY,
MR. LE BOUTILLIER,
MR. SIMARD,
MR. HOWLAND,
MR. SOMERVILLE,
MR. HOGAN,
MR. FOLEY,
MR. WHITE,
MR. DUBORD,
MR. BUCHANAN,
MR. J CAMERON,
MR. MATTICE,
MR. FERRES,
MR. BROWN, and
MR. CHAPAIS.

Minutes of former meeting read and confirmed.

The Chairman read the following answers to questions 5 and 6, from Mr. Cary :

1.—Previous to the establishment of the Board of Audit, all accountable warrants issued were charged in the Appropriation Book, to the Account of the Officers in whose favor they were severally issued, as payments in advance on account of the Contingent Disbursements of their respective offices. When the period arrived for their rendering accounts, care was taken to see that credit was given for the sums so advanced during the preceding half year or quarter, as the case might be, and a final warrant was issued for the balance due after the audit of such Accounts.

The whole amount so paid within the year, either by accountable or final warrants, formed the sum stated in the Annual Public Accounts, as the amount paid for such service.

2.—Prior to the establishment of the Board of Audit, the Special Fund Debentures were placed in the joint charge of the Receiver General's and the Inspector General's Departments, being deposited in a chest secured by two locks, one key being in the custody of Mr. Reiffenstein, on the part of the Receiver General, and the other kept by myself, as Deputy Inspector General.

The Debentures were put up in six separate parcels, according to the months in which the semi-annual dividends became due, with a list of the particulars contained in each parcel. Thus, the Debentures on which the Interest was payable in the months of January and July, formed one parcel; those on which the Interest was payable in February and August, formed another, and so on, embracing the whole twelve months of the year.

As the Interest became payable each month, the chest was opened and the parcel required taken out, in order that Mr. Reiffenstein might prepare a statement of the Interest payable to each Special Fund for that month, and the Re-

ceiver General's cheque was given for each separate amount, in favor of some person of his Department.

These cheques, after having been examined, entered, and countersigned by myself, were presented by the person in whose favor they were drawn, at the Bank, and the amount of each deposited in the Bank to the credit of the Receiver General's Department, on account of the particular Special Fund to which they were to be credited.

The Bank certificate of each such deposit being produced to me, due entry was made thereof, and the sums credited to each fund, in the Books of the Inspector General's Office.

These proceedings being completed, the Debentures were verified with the list of the parcel, and replaced in the chest and locked up.

The same proceeding took place next month; consequently every Debenture so secured, underwent an examination and counting over twice in each year.

W. Dickinson, Esquire, Deputy Inspector General, called in and examined.

The Chairman put the following questions :

Ques. 16. By whom are the statements of Seizures, &c., No. 9, furnished, and what check exists upon their accuracy?—The fines and forfeitures are furnished by the Clerks of the Peace and of the Crown in Lower Canada, and by the Sheriffs and Magistrates in Upper Canada. The Department checks the accuracy of these accounts as rendered; the accounts of seizures are rendered by the Collectors, which are entered in the books of the Inspector General's Department, and checked by the Customs Branch. The Government have no means of knowing whether these returns are correct.

(By Mr. Foley.)

Ques. 17. What descriptions of penalties come under the head of "Fines and Forfeitures" in Statement No. 9; what do Sheriffs, and what do Magistrates return?—I will hand in a written answer at the next meeting of the Committee.

Ques. 18. Are all seizures returned to your Department, or are your entries confined to those seizures on which sales are actually made, and the money paid over? How are seizures disposed of?—Yes, my entries are confined to the seizures on which the money is actually paid over; on receiving the report of the Collector, the Commissioner of Customs makes his report and submits it for the approval of the Inspector General, that is when application is made for restoration; if no application is made the goods are sold and the proceeds divided between the seizing officer and the Government.

Ques. 19. By whom are the Returns of patents, licenses and commissions in statement No. 10 furnished, and what check have you on the accuracy of the accounts rendered to you? Does the Board of Audit examine the accounts?—Mr. Harrington furnishes the Returns which the Board of Audit examines; Mr. Langton has charge of the checking of these accounts, and will be able to inform the Committee as to the check he employs.

Ques. 20. How are the payments made by Mr. Harrington, as received, or at stated intervals?—The money is paid in to the Receiver General at the time of rendering the monthly returns.

Ques. 21. Will you furnish the Committee with a statement of all debentures issued since 6th March, 1848; under what authority; for what purpose; where and when payable; to whom sold, and at what rate; to conclude all, whether the Province is directly or indirectly liable, distinguishing the objects for which issued?—I will prepare an answer.

(By Mr. Brown.)

Ques. 22. Will you be good enough to explain the item, page 31, of receipt from Thomas McGinn of £132 10s. paid him through error in 1855?—Owing to a change in the mode of making the payment, two warrants issued for the same purpose, which being discovered, Mr. McGinn was called on to refund the amount overpaid him, which he did.

(By Mr. Ferres.)

Ques. 23. Does the same answer apply to the item on page 30, relative to O. Martineau, Sheriff of Kamouraska, of £22 15s.?—A warrant issued in favor of O. Martineau for the amount stated to enable him to pay the salary of a turnkey for the quarter ending 31st March, 1856, but in consequence of the office being vacant for that period the amount sent was refunded.

(By Mr. Dubord.)

Ques. 24. Can you furnish Mr. F. Baby's account current with the Province since 1852, with the dates of the money paid; also, the dates of the credit side; the same with regard to Mr. Fiset and Mr. Gauvreau?—I cannot; the Board of Works keeps these accounts.

Witness withdrew.

The Committee then adjourned till Friday at 11 o'clock A. M.

Friday, 23rd April, 1858.

MEMBERS PRESENT :

ALEXANDER T. GALT, Esquire, in the Chair.

MR. SIMARD,
MR. HOGAN,
MR. BUCHANAN,
MR. SOMERVILLE, and
MR. WHITE.

There being no quorum at a quarter past 11, A.M., the Chairman declared the meeting adjourned until Monday, the 26th instant, at 11 o'clock, A.M.

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Monday, 26th April, 1858.

The Committee met pursuant to the call of the Chair.

MEMBERS PRESENT :

ALEXANDER T. GALT, Esquire, in the Chair.

**MR. SIMARD,
MR. HOGAN,
MR. HOWLAND,
MR. SOMERVILLE,
MR. FOLEY,
MR. WHITE,
MR. DUBORD,
MR. CHAPPAIS,
MR. FERRES, and
MR. BUCHANAN.**

Minutes of previous meeting read and confirmed.

Mr. *Dickinson* called in and examined.

The following questions were put from the Chair :

Ques. 25. Referring to statements 9 and 11, can you inform the Committee whether any arrears are due by Clerks, Magistrates, or others, and can you state whether any recognizances have been estreated and not paid? Will you furnish a statement of the names of parties who have not made returns, and for what periods they are in arrears? What steps have been taken to enforce returns and recover payment?—I will furnish the return and the report required.

Ques. 26. How are the payments made in Statement No. 12 audited?—There is a distinction between the first part of the payments and the others. With reference to the interest on the Sterling Debentures, payable in England, an arrangement has been entered into with the Bank of Upper Canada, to provide for the dividends as they fall due, which is semi-annually, in London. The statement of the amount paid to the respective agents is then submitted, and application made for a warrant to cover the amount. A warrant issues thereon, if found correct, in favor of the cashier of the Bank of Upper Canada. With reference to the half year ending 31st December, a Journal entry is made, charging the interest account, and crediting the Bank of Upper Canada, and the vouchers are subsequently produced, and a Warrant is issued for the payment thereof. The Sterling Interest has been charged in full to the Province by the London agents up to this time, without reference to any unclaimed dividends, and the coupons have not yet been before the Board of Audit, but are now being checked in the Receiver General's Department.

Ques. 27. Are you able to state what amount, if any, of unpaid dividends remains in the hands of the London agents, and do they furnish any such statement?—I am not. No such statement has been furnished to the Inspector General's Department, but it is probable that correspondence on the subject may have taken place with the Receiver General's Department.

Ques. 28. For what period have the coupons for interest payable in London remained without audit?—It has not heretofore been the practice to make any returns of the coupons which were retained in London; the system has been

altered within the last two years and all the paid coupons have been transmitted and are now being checked in the Receiver General's Department.

Ques. 29. State the practice in regard to the payment of interest on debentures payable in the Province?—The coupons are presented at the Receiver General's Office to be entered and countersigned, accompanied by a statement of the debentures on which such interest has been paid, which payments are entered in a debenture book where the correctness of the interest is ascertained.

Ques. 30. Are such coupons subsequently audited, and how are they finally cancelled; will you state the past and present practice?—I will make particular answer at the next meeting of the Committee.

(By Mr. Ferres.)

Ques. 31. Would it not be well, as additional security, that the coupons should be sent along with the cheque, paying it to the Inspector General's Department, to be marked as paid on countersigning the cheque?—Yes; I think it would.

Ques. 32. How is it that the Bank of England charges only one-half per cent. for payment of the interest on the £1,500,000 stg. Imperial Loan, and the agents for the Province paying other dividends charge one per cent. for similar service; is it done by special agreement or is it the usual charge of the respective parties?—It is done by special agreement.

Ques. 33. How are the payments under the head of Civil Government audited—amounting to £56,030 10s. 3d.?—As regards salaries an appropriation book is kept in the Receiver General's Office, and a quarterly warrant issues for the amount in favor of each party; these warrants are checked by the Inspector General's Department, other payments are made on application through the Secretary's Department, which are referred to the Inspector General's Office, and if found to be authorised and correct, a warrant is recommended to be issued, which goes through the same form as the preceding.

Ques. 34. How are the payments audited under the head of Administration of Justice—amounting to £114,254 8s. 5d.?—The accounts for the Administration of Justice are checked in the Inspector General's Department, the accounts themselves do not go before the Auditor except in special cases.

Ques. 35. How are the expenses of the Penitentiary audited; is any detailed account furnished thereof?—A detailed account is furnished, accompanied by vouchers, which is audited by the Auditor.

Ques. 36. There appear to be many items under the head of "Expenses of the Legislature," which are not paid by the Clerk of the respective houses. By what authority are these paid and by whom audited?—They are all paid under the authority of Parliament, but any items of unusual character are submitted to Council; the greater portion of these items, including the expenses of elections, are audited by the Auditor.

Ques. 37. How are the payments audited under the head of education?—The returns are made to the audit office, and warrants issue on the Auditor's recommendation being certified in the Inspector General's Office. Mr. Ryerson renders a detailed account of his expenditure, supported by vouchers, to the Audit Office. Mr. Chauveau makes similar returns.

Ques. 38. How are the payments audited under the head of Agriculture?—Application is made by the Bureau of Agriculture, and the amount payable to the several Counties being checked, if found correct a warrant issues in favor of the Treasurer of the Board of Agriculture, and does not form a subject for further audit.

Ques. 39. Please to give the same information as to the other heads of expenditure in statement No. 12?—I will furnish the statement required.

Mr. *Dickinson* then handed in the following returns in accordance with the request of the Committee, April 12th, 1858 :

- No. 1. Balance sheet of 31st December, 1856, under the respective heads of
Customs Revenues,
Crown Seizures,
General Excise,
Public Works.
- No. 2. Statement of Roads and Bridges, Upper Canada.
- No. 3. Statement of Roads and Bridges, Lower Canada.
- No. 4. Statement of accounts headed Miscellaneous Items.
- No. 5. Loans to Incorporated Companies.
- No. 6. Statement of Quebec Loan.
- No. 7. Statement of cash balances on 31st December, 1856.

Mr. *Dickinson* also stated that the amount of £34,207 15s. relative to the Provincial Penitentiary, of which a statement was also asked, was expended prior to the union.

The Committee then adjourned until to-morrow at 11½, A. M.

Tuesday, 27th April, 1858.

The Committee met pursuant to adjournment.

ALEXANDER T. GALT, ESQUIRE, in the chair.

The HON. MR. CAYLEY,
MR. FERRES,
MR. BUCHANAN,
MR. CHAPAIS,
MR. SIMARD,
MR. DUBORD,
MR. SOMERVILLE,
MR. J. CAMERON, and
MR. WHITE,

Minutes of previous meeting read and confirmed.

Mr. *Dickinson* handed in detailed answers to questions 30 to 39, as follows :

No. 30. Such coupons have not heretofore been sent to the Inspector General's Office to be audited and cancelled, but the Board of Audit have recommended such a course, in order that they may be checked off against the payment of interest in the Debenture Book.

No. 39. (Showing the manner in which various accounts in statement No. 12 are audited.)—*Hospitals and Charities*.—Most of these are absolute grants, the details of the expenditure of which do not form a subject of audit. Some, as the Lunatic Asylums at Toronto, Beauport, and of the Commissioners for the Relief of the Indigent Sick, are audited by the Auditor.

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- Geographical Survey*—Audited by Auditor.
Militia and Enrolled Force—Audited by Auditor.
Light Houses—are included in the Board of Works Accounts, and are audited by Auditor.
Emigration—Audited by Auditor.
Pensions—Audited by Auditor.
Public Institutions—Absolute grants not audited.
Ocean and Steam River Service—Included in the Board of Works Accounts, and audited by the Auditor.
Police—Accounts audited with the Administration of Justice in the Inspector General's Office.
Miscellaneous Printing—Audited by Auditor.
Public Works and Buildings—Audited by Auditor.
Indian Annuities—Warrants acquitted by the Superintendent of Indian Affairs.
Seigniorial Tenure—Audited by Auditor.
Sinking Fund—Accounts kept in the Inspector General's Office
Removal—Audited with Board of Works Account by Auditor.
Miscellaneous—Either paid by account or audited by Auditor
Deductions from Customs—Audited by Commissioner of Customs and Deputy Inspector General.
Deductions for Public Works—Audited by Auditor.
Deductions for Territorial—Audited by Auditor.
Deductions for Seizures and Excise—Audited by Commissioner of Customs and Deputy Inspector General.

On motion of Mr. *Cameron*, it was *Ordered*,

That the President and Secretary of the Desjardins Canal Company be directed to attend the Committee on Monday next at 11 o'clock A. M., with statement of the affairs and books of accounts of the said Company.

Ordered also, That the Deputy Inspector General be requested to correspond with the President and Secretary of the Grand River Navigation Company,—Of the Grantham Academy,—Of the Tay Navigation Company,—and of the Oakville Harbour Company, requesting a statement of their assets, and any proposition they may have to make with regard to the debt they owe the Government.

It was *Ordered*,

That Mr. *Dickinson* be requested to furnish the following statement, viz:—

Detailed statement of Roads and Bridges in Upper and Lower Canada, showing disposition made of each, if sold, to whom, and on what terms; with an account current of each sale, and what steps have been taken to collect amounts in default; if unsold, whether the same are of any value, and what?

Also a copy of Special Report on Quebec Fire Loan.

Explanation of balance of £54,048 due by the Crown Lands Department (page 6 Public Accounts, 1857.)

Statement of Cullers' Fund.

The Committee then adjourned until to-morrow at 11 A. M.

Wednesday, 28th April, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT:

ALEXANDER T. GALT, Esquire, in the Chair.

The Hon. MR. CAYLEY,
MR. HOGAN,
MR. SOMERVILLE,
MR. LE BOUTILLIER,
MR. SIMARD,
MR. DUBORD,
MR. J. CAMERON.
MR. FERRES, and
MR. CHAPAIS.

Minutes of former meeting read and confirmed.

W. Dickinson, Esquire, Deputy Inspector General, handed in a statement of expenditure on Harbours and Light houses in Upper and Lower Canada—No. 8.

W. Dickinson, Esquire, examined :

Ques. 40. In the revenue from the Rideau and Ottawa canals, no deduction for costs of collection or repairs is made ; why is this the case, and where will the Committee find the particulars of this outlay in the Public Accounts ? The tolls were collected by the lock-keeper, who handed over the sum to the resident Engineer, who deposited it to the credit of the Receiver General. For the particulars of outlay for repairs, &c., see Public Accounts of 1857, page 109,

(By Mr. Hogan.)

Ques. 41. Were any further payments made on account of Port Stanley Harbour than those mentioned in your general answer ; if so, for what, and what was the amount ?—In addition to the amount expended on the Port Stanley Harbour, which appears in statement of Harbours and Light-houses, £3,394 12s. 7d. was paid out of tolls in 1851 and 1852.

Ordered,—That Mr. Harrington, of the Executive Council Office, be requested to appear at the next meeting of the Committee.

Ordered,—That the following questions be forwarded to Mr. Dickinson with a request that he will reply to them in writing at the next meeting of the Committee.

Ques. 42. In what securities is the Sinking Fund of £829,490 12s. 1d. invested ; in whose name does the investment stand ?

Ques. 43. Why is the sinking Fund invested in the manner stated ; is there any impediment, and, if so what, to its being invested in Sterling Debentures of the province ?

Ques. 44. What amount of arrears are now due on the Great Western Railroad Sinking Fund, and when was the last payment made ?

Ques. 45. Has any interest been paid by the Quebec Turnpike Trust on Loan of £33,882, if so, when and to what amount ?

Ques. 46. Please to furnish balance sheet of Collector's Accounts for Customs, Excise, Crown Seizures and Public Works, at 31st December, 1857.

Ques. 47. Referring to your reply to question 12, that you would ascertain when the amount of £5,656 5s. 10d. was expended under appropriation of 1847, please to state particulars?

Ques. 48. Please to furnish the Committee with the accounts and vouchers of the Sheriffs of Quebec and Montreal, for 1856 and 1857; also, of the Coroners of Quebec and Montreal for the same years.

Ques. 49. Please to furnish account of J. Trudeau and others for the expenses of enquiring into the affairs of the Quebec Turnpike Trust in 1857, page 63; also, amounts of £200 and £250 paid C. Alleyn in 1856, page 67; also, account of Trudeau and others, in 1857, page 63, £76 7s. 2d. and £46 10s., enquiry as to Montmorency Bridge.

Ques. 50. Please to furnish accounts and vouchers of the Penitentiary for 1856 and 1857, as rendered by Mr. McDonnell and D. Lichfield.

Ordered.—Also, that the following questions may be forwarded to Mr. Begly of the Board of Works Department, with a request that he will attend the Committee on Friday next at 11 A. M., with replies in writing.

Ques. 51. In the Accounts of 1856 and 1857 there appear to be large sums paid for repairs on Public Works and on new works; please to state under what authority such repairs are executed; what supervision exists upon the character of the Works, and the price paid; also, whether the new works upon the existing canals are executed under contract, and if so, how such contracts are granted; whether by public tender or by private bids, and if in the latter case competition is sought; also, the same information as to other new works?

Ques. 52. The Committee request that the Board of Works will furnish the account current of the Province with Mr. François Baby, under the Board of Works, showing all the amounts paid him, and the sums and services for which he has received credit, for each year since 1852, with the dates of each transaction, also showing the balance due to or by him?

Ordered.—Also, that Mr. Russell, Assistant Commissioner of Crown Lands, be requested to attend the Committee on Friday, and to furnish replies to the following questions:

Ques. 53. Under what authority has the expenditure on surveys, in 1856, of £20,293 16s. 4d., and in 1857, of £20,352 16s. 4d., been carried on; what system of remuneration exists, and what check is there upon the outlays so made by the Surveyors?

Ques. 54. Under what authority has the expenditure on roads, in 1856, of £27,142 17s. 4d., page 132, and in 1857, of £32,205 12s. 2d., page 108, been carried on; are such works done under contract, by tender or private bargain; state the system?

The Committee then adjourned until Friday, at 11½ A. M.

Friday, 30th April, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

ALEXANDER T. GALT, ESQUIRE, in the Chair.

The Hon. MR. CAYLEY,
MR. SIMARD,
MR. FERRES,
MR. DUBORD,
MR. BUCHANAN,
MR. LE BOUTILLIER,
MR. SOMERVILLE, and
MR. WHITE.

Minutes of former meeting read and confirmed.

Mr. Dickinson examined.

Witness handed in the following answers :

Ques. 55. In what securities is the Sinking Fund of £829,490 12s. 1d. invested ; in whose name does the investment stand ?—Investments on account of the Sinking Fund are made in three per cent. consols, purchased in the names of the Assistant Secretary of the Treasury and the Under Secretary of State for the Colonies as Co-Trustees, by whom the requisite steps are taken for investment in the same stock of all dividends accruing to the Fund.

Ques. 56. Why is the Sinking Fund invested in the manner stated ; is there any impediment, and if so, what, to its being invested in the Sterling Debentures of the Province ?—The Act 10 and 11 Vic. cap. 2, authorizes the Governor in Council to set apart a sum yearly out of the Consolidated Revenue Fund of the Province as shall be equal to four per cent. on the Guaranteed Loan, say £1,500,000 sterling, and to apply the same as a Sinking Fund for paying off the said debt in such manner as the Governor in Council shall deem most advisable. There is no impediment to the investments on account of the Sinking Fund being made in Provincial Sterling Debentures, provided the Imperial Government would be satisfied with the security.

Ques. 57. What amount of arrears are now due on the Great Western Railroad sinking fund, and when was the last payment made ?—The amount of arrears due on the Great Western Railroad Sinking Fund, is \$288,350. The last payment was on 5th November, 1855.

Ques. 58. Has any interest been paid by the Quebec Turnpike Trust on Loan of £33,882, if so, when, and to what amount ?—No interest has been paid on the Loan of £33,882.

Ques. 59. Referring to your reply to question 12, that you would ascertain when the amount of £5,656 5s. 10d. was expended under appropriation of 1847, please to state particulars ?—A warrant was issued on an application of the Commissioner of Crown Lands, dated 6th March, 1856, for £5,450, in payment of the balance of the Colonization Grant, being balance of grant for £20,000 appropriated in 1847, accompanied by a memorandum, of which the following is a copy :

MEMORANDUM.

In August, 1850, when the Department was in Toronto, the Commissioner of Crown Lands allowed £10,000 (of the £14,550 already received) to be placed at the credit of the Lower Canada Branch; consequently, the £5,450 now required is to cover the expenditure on roads in Upper Canada, for the under-mentioned purposes, the requisite vouchers for which are on file:

<i>Durham Road,—</i>			
Surveys	£1,444	18	11
Road Contracts, &c.....	2,855	11	10
Salary of Agent	734	1	3
	<hr/>		
		£5,034	12 0
<i>Toronto and Sydenham Road,—</i>			
Surveys	£1,064	3	1
Road Contracts, &c.....	2,959	7	4
Salary of Agent	719	12	2
	<hr/>		
		£4,743	2 7
Printing, Stationery, &c.....		199	2 6
Balance unexpended.....		23	2 11
	<hr/>		
		£10,000	0 0

In payment of the other items of £191 15s. 6d. and £14 10s. 4d., warrants were issued on the certificates of the Public Works Department, which I now produce, accompanied by vouchers of the expenditure of the three several items, amounting in all to £5,656 5s. 10d.

Mr. *Dickinson* also handed in the following statements, in accordance with the instructions of the Committee of the 27th instant:

Explanation of balance of £54,048 due by the Crown Lands Department (page 6 Public Accounts, 1857.)

The Auditor has furnished me with the following explanation of the balance at the debit of the Crown Lands Department :

The large balance against the Crown Lands Department consists principally of the amounts due by agents and others, and the great increase during the year of nearly £33,000, is in consequence of these balances against the agents having increased. When the agent's returns are received, he is charged with the sales or timber dues, and the Government has credit for them, and if the money is not paid to the Receiver General, it remains as a balance against the agent in the Crown Lands books, and against the Department in those of the Province. Thus when, on investigation into Mr. Baines' case, it was found that he had made sales of lands in former years, and reported them, they were carried into the books, and increased the nominal territorial revenue, and the balance against the department. The increase in 1857 from this case alone was £21,568 16s. 11d. It is to be observed that the territorial revenue, as given in the Public Accounts, is not the amount paid to the Receiver General, but the amount carried to the credit of Government in the books of the Crown Lands Department, and during the year 1857 the amount paid to the Receiver General fell short of the nominal territorial revenue and revenue of special funds by upwards of £34,000.

I append an analysis of the balance sheet of the Department, 31st December, 1857, to shew more clearly how the balance against it is made up :

Dr.				Cr.			
	£	s.	d.		£	s.	d.
28 old personal accounts which have barely altered for years, and may be looked upon as bad debts	2013	10	0	21 old personal accounts which should have been closed	106	6	0
5 old accounts, also bad debts...	358	11	6	2 other old accounts, do	170	9	4
							276 15 4
40 Land Agents	5554	9	2	31 Land Agents			1327 15 8
P. Ely	6041	9	9	2 Timber Agents			76 18 0
T. Baines.....	31061	13	11	Outstanding Tolls.....	1373	19	11
				Outstanding Timber Dues.....	20605	14	9
9 Timber Agents							22078 14 8
Advance of salaries				Bank of Upper Canada			3031 1 10
				Government			53665 11 7
	£				£		
			2372 1 6				80456 7 1
			43667 13 10				
			35235 18 4				
			190 14 5				
			£ 80456 7 1				

It is to be observed of the large amount of upwards of £35,000, which stands against nine timber agents, must not be considered as all due by them; they are charged with the timber dues, a considerable portion of which it is believed may also be counted as bad debts. It is also to be remarked that the balance here given does not correspond with that in the Public Accounts. As the certificates of deposit are sent in, the Government is charged, and the agents are credited by the Crown Lands Department; but the Receiver General does not sometimes receive his duplicate of the certificate for some time after, or occasionally receives it before the Department get theirs. From this cause, as I explained in my evidence before the Committee, there is always a difference in the balances of the two departments.

Mr. Russell attended and handed in the following answers :

Ques. 60. Under what authority has the expenditure on surveys, in 1856, of £20,293 16s. 4d., and in 1857, of £20,352 16s. 4d., been carried on; what system of remuneration exists, and what check is there upon the outlays so made by the Surveyors?—The expenditure was made under the authority of Orders in Council,

on the recommendation of the Commissioner of Crown Lands. The Surveyor and his party are paid by the day; the general rate is 20s. per day for the surveyor, 5s. for the chain-bearer, and 3s. for men, with 2s. 6d. per day for rations. During the last two years the rate of wages of the men has been in some cases higher, under special authority from the Department, on Order in Council. The only other expenses of the field work are for transport of party and provisions. By order in Council the plans and returns of surveyors are paid for at fixed rates, —by the square inch for plans, and each hundred words for field books and reports. The surveyor is obliged to keep a diary, which he returns to the Department as a check upon the time, besides vouchers for his expenditure. The Deputy Surveyor General's branch examines the surveyors' plans and returns, and ascertains whether every day is properly accounted for, and if the surveys have been correctly and scientifically performed.

Ques. 61. Under what authority has the expenditure on roads, in 1856, of £27,142 17s. 4d., page 132; and in 1857, of £32,205 12s. 2d., page 108, been carried on; are such works done under contract, by tender or private bargain? state the system.—The money was granted by Parliament in one sum, for Colonization Roads. The allocation of the amount for each road was made by Order in Council. In the case of Upper Canada the recommendation was made by the Minister of Agriculture, under whose authority and instructions the expenditure was carried on, excepting the surveys, which were made and paid for by the Crown Lands Department. In Lower Canada the recommendation and expenditure were made by the Commissioner of Crown Lands. Dr. Boutillier, the Inspector of Agencies, has the supervision of the roads, and the outlay thereon, which is done by day work under foremen; he has the entire control of all the works in Lower Canada, subject to the Commissioner.

The Committee then adjourned until Monday, the 3rd May, at 11 o'clock, A.M.

Monday, 3rd May, 1858.

MEMBERS PRESENT:

MR. BUCHANAN,
MR. SIMARD,
MR. FERRES, and
MR. WHITE.

There being no quorum present at 11½ A. M., the Committee adjourned until 5th day of May, at 11½ o'clock, A. M.

Wednesday, 5th May, 1858.

MEMBERS PRESENT :

ALEXANDER T. GALT, Esquire, in the Chair.

MR. FERRES,
MR. BUCHANAN,
MR. FOLEY,
MR. DUBOED,
MR. HOGAN,
MR. CHAPAIS,
MR. SIMARD, and
MR. WHITE.

Minutes of former meeting read and confirmed.

Mr. *Begly*, Secretary to the Board of Works, attended and handed in the following reply to question 51, with reference to the authority and manner under which repairs to the public works, as well as new works are carried on.

"Repairs are made under the authority of Orders of the Governor General in Council; new work under the appropriations made by the Legislature; the supervision of the work is under the Superintendent or an Engineer; the price paid is the contract price, or, in some cases, prices fixed on by the Engineer, approved of by the Department. When work is done or materials delivered, an estimate or account is made out and certified to by the resident Engineer or Superintendent, which, on being received in the office of the Department, is examined with the contract, or, if no contract, by the Engineer of the Office, and if correct, the amount is paid.

"New works on canals, &c., are executed under contract, generally on tenders received by public advertisement; the work is given to the person tendering lowest, unless some special objection may exist; in such cases the sanction of His Excellency the Governor in Council is requisite in accordance with the statute.

"Repairs to canals cannot usually be let by contract or public competition, the nature of the work not being known until the water is let out, and as the repairs have to be made generally in the month of April, there is not time to advertise.

"Work is sometimes let on private bids to competition among parties who it is known can perform the work well; this is not the case on works of great extent."

Examination of Mr. *Begly* continued.

Ques. 62. Will you please to state what preliminary steps are taken by the Department before proceeding to obtain the sanction of the Governor in Council for the execution of repairs?—Previous to the opening of the navigation the engineer or superintendent makes a report as to the state of the work, with an estimate of what he supposes the repairs will cost. On that a report is made to the Council by the Commissioner, and the necessary authority is obtained.

Ques. 63. Does the Department obtain the sanction of Council before proceeding with works for which appropriations are made by Parliament?—They do now.

Ques. 64. Is it now the invariable practice of the Department to obtain the sanction of Council before proceeding with any new work or large repairs?—It is ; but in case of the breaking of a lock-gate or other emergency, the Superintendent considers himself authorised to proceed with the repairs at once.

(By Mr. *Hogan*.)

Ques. 65. Will you please to state the date when the present practice of obtaining the sanction of Council was determined upon?—I will furnish a reply to-morrow.

Ordered, That the President and Secretary of the Desjardins Canal Company be directed to attend the Committee on Tuesday next.

The Committee then adjourned until to-morrow, at 11½, A. M.

Thursday, 6th May, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

MR. LE BOUTILLIER,
MR. WHITE,
MR. SOMERVILLE,
MR. DUBORD,
MR. MATTICE,
MR. FERRES,
The Hon. MR. CAYLEY,
MR. CHAPAIS, and
MR. BUCHANAN.

In the absence of Mr. *Galt*, Mr. *Ferres* was appointed Chairman.

The minutes of the previous meeting were read and confirmed.

Mr. *Begly* attended, and handed in the following reply to question 65, as to the date when the present practice of obtaining the sanction of Council was determined on :

Since the 16th June, 1857, it has been invariably the case to obtain the sanction of the Governor in Council previous to the expenditure of any money under Legislative grants ; for some years previous to that date it had been generally the case to do so, but there may be, and I believe are, some exceptions.

Mr. *Begly* also handed in the account current of the Province with Mr. François Baby.

(By Mr. *Dubord*.)

Ques. 66. To Mr. *Begly*.—Can you name the exceptions you refer to since 1852?—I will do so as soon as possible.

Witness withdrew.

Mr. *Dickinson*, Deputy Inspector General, attended and handed in a series of returns which had been asked for by the Committee, and which are enumerated in the accompanying statement as follows :—

INSPECTOR GENERAL'S OFFICE,

Toronto, 1st May, 1858.

SIR,—I beg to furnish statements of the following Roads and Bridges which have been sold, with particulars, as required, accounts of which have been handed over to the Attorney General, to collect the balances due thereon, viz :

Roads sold to Incorporated Companies.

- No. 1. The Toronto Roads.
- “ 2. The Hamilton and Brantford Road.
- “ 3. The London and Brantford Road.
- “ 4. The Hamilton and Port Dover Road.
- “ 5. The Dundas and Waterloo Road.

Roads sold, &c., to Municipal Bodies in Upper Canada.

- No. 1. The Kingston and Napanee Road.
- “ 2. The Port Hope and Rice Lake Road.
- “ 3. The London and Port Stanley Road.

The other Roads and Bridges not enumerated are unproductive, (with the exception of the “Union Suspension, and Dunnville Bridges,”) for particulars of which I beg to refer to the statement furnished on the 26th April, ultimo.

I have the honor to be, Sir,
Your obedient servant,

W. DICKINSON,
Acting Deputy Inspector General

A. T. Galt, Esq.,
Chairman Com. on Pub. Accts.

Mr. *Dickinson* also handed in—

Balance Sheet of Public Works of 1857.
Balance Sheet of Crown Seizures, 1857.
Balance Sheet of General Excise, 1857.
Balance Sheet of Customs Revenue, 1857.

(By Mr. *White*.)

Ques. 67. To Mr. Dickinson.—Please to state the amount of small debentures, from ten dollars upwards, issued by the Government, and the amount redeemed?—The books of this Department show the amount of small debentures issued by the Government to have been £661,702, and the same amount redeemed, in addition to which £497 10s. has been redeemed by the Bank of Upper Canada; this excess arises from a package of these debentures having been abstracted by a clerk, temporarily employed by the Receiver General's Department to assist in checking them when about to remove from Montreal to Toronto, in 1849-50, and for the deficiency the Government have received security.

Witness withdrew.

Mr. *White* proposed that the following questions should be sent to Mr. *Dickinson*, and they were ordered to be sent accordingly.

Ques. 68. Please give a statement of amount due from Incorporated Companies or other parties, who may have purchased harbors under the authority of 12 Vic. cap. 5.

Ques. 69. Will you obtain information as to what progress, if any, has been made towards the collection of the amounts stated to be overdue from the Toronto Road Company, and other incorporated companies and municipalities, which have purchased Roads, Bridges, and Harbours, and communicate the same to the Committee.

The Committee then adjourned until to-morrow at 11½ o'clock A.M.

Friday, 7th May, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

ALEXANDER T. GALT, ESQUIRE, in the Chair.

MR. FERRES,
MR. WHITE,
MR. DUBORD,
MR. BUCHANAN,
MR. SOMERVILLE,
MR. LE BOUTILLIER,
MR. HOGAN,
MR. MATTICE, and
MR. J. CAMERON.

The minutes of the previous meeting were read and confirmed.

Mr. *Dickinson* attended, and handed in a reply to question 62 with respect to collection of arrears due from various Corporations and Municipalities which have purchased public works, as follows :

"Hereunder I furnish the required information, obtained from the Law Officers of the Crown."

Dundas and Waterloo Road Co.

May 4th, 1858. Verdict obtained against the Company for £52,000 the amount of their bond.

Brantford Road Co.

February 20th, 1858. *Sci. fa.* Issued proceedings still pending.

Hamilton and Port Dover Co.

April 3rd, 1858. Proceedings had to issue ready for trial.

Ingersoll and Brantford Road Co.

May 4th, 1858. Verdict for £12,200, amount of Company's bond.

Frontenac, Lennox and Addington.

Interest regularly paid.

Middlesex and Elgin.

No security, under consideration of law officers.

Town of Cobourg.

Do.

Toronto Roads Co.

Proceedings at law commenced, but stayed in consequence of a proposition for a settlement.

Cobourg Harbor Co.

No security, under consideration of law officers.

Port Dover Harbor Co.

Proceedings commenced against Woodstock and Lake Erie R. and Harbor Company, the purchasers of this Harbor, and now ready for trial.

Port Whitby and Lakes Scugog, Simcoe and Huron Road Co.

Proceedings at law commenced against sureties, but abandoned in consequence of their adducing proof of having satisfied their liability.

Rondeau Harbor Co.

Possession resumed under special writ by the Crown.

Mr. *Dickinson* also handed in a statement of the names of parties who are in arrears with reference to statements Nos. 9 and 11, Public Accounts 1856, in reply to question 25.

The following questions were then put to Mr. *Dickinson* :

Ques. 70. Has the interest on the Montreal Turnpike Trust (£47,000) been duly paid?—There have been no receipts on account of such interest for the last two years; for statement of arrears due at that period, I refer to Return furnished Committee of Public Accounts, *vide* Appendix 1854.

Ques. 71. Have any steps been taken to obtain payment of such interest?—None that I am aware of.

Ques. 72. Will you furnish a statement of Collectors of Customs in default, with the nature and position of proceedings taken against them and their securities—this return to have reference to such parties as do not appear in the Balance Sheet furnished, as well as any Collectors who may be in such return?—I will furnish the statement required.

The Committee then adjourned until Monday, at 11½ o'clock A. M.

Monday, 10th May, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

ALEXANDER T. GALT, Esquire, in the Chair.

**MR. SOMERVILLE,
MR. FERRES,
MR. MATTICE,
MR. LE BOUTILLIER,
MR. J. CAMERON,
MR. DUBORD,
MR. HOGAN,
MR. FOLEY,
MR. SEMARD, and
MR. BUCHANAN.**

The minutes of the previous meeting were read and confirmed.

Mr. Galt reported that he and Mr. Ferres had gone through the accounts of Sheriffs for Lower Canada, and that they had found nothing worthy of notice except that the witnesses were sometimes kept for ten or fourteen days, when, by a little arrangement they need only be kept for a much shorter period. With regard to Coroners' accounts they requested Mr. Langton to be in attendance to give evidence as to the nature of the charges made in some of them, which appeared to be of the most extravagant character. They had also desired him to produce the accounts of the Inquest at the Desjardins Canal accident, and that at Longueuil.

Mr. Langton being in attendance, the following question was put from the Chair :

Ques. 73. Will you please to state to the Committee the nature of the charges made by the Coroners of Montreal and Quebec, and considered by you as objectionable? Will you also state the scale of fees paid to Coroners in Upper Canada, with the relative cost of the accidents at Longueuil and Desjardins Bridge?

Observations on Coroners' Accounts, L. C.

Ans. Since Mr. Jones, Coroner, Montreal, was allowed 2 guineas a day extra on the Longueuil Inquest he has made the same charge when employed more than on day. This charge I have reserved and submitted to Council.

Both Mr. Jones and Mr. Panet charge frequently for the same person as Clerk taking evidence, and as interpreter. One of these charges I have reserved and submitted to Council.

Both Coroners appear to me to summon an unnecessary number of medical men. In the Longueuil Inquest the charge is £106 3s. 4d., in that arising from the burning of the steamer Montreal, £22 3s. 4d., and in some of the minor inquests two, three or more doctors are often examined.

When an inquest has lasted more than one day Coroner Panet charges £1 3s. 4d. a day extra for the doctor's attendance, whereas it appears to me that having given his evidence he can no longer be required.

There does not appear to be any fixed charge for summoning witnesses and examining them.

When there are more bodies than one, £2 a body are charged, although forming only one inquest, and the constable's charges for summoning each Jury, although the same Jury continues to sit. In Upper Canada the charge is £1 per inquest, and no more was ever allowed when there were more bodies than one, until the Desjardins Bridge accident, when £1 per body was allowed.

I submit as requested, a statement of the entire expenses attending the Longueuil and Desjardins accidents, and a schedule of the fees paid by Government in Upper Canada; any other charges are borne in Upper Canada by the Municipality, except in special cases when the Attorney General authorizes the charge.

The whole question of their charges is now before the Government, having been submitted by me in connection with the accounts of the Inquest *in re* steamer Montreal.

In Upper Canada, service of physicians at inquests are chargeable to Municipal Funds under Act 13 and 15 Vict., cap. 56, Geo. 7.

I also submit a copy of some minutes on Coroner Panet's last accounts which were objected to by me as unnecessarily high.

JOHN LANGTON,
Auditor.

Mr. Langton also handed in a statement of Expenses incurred at the inquest on bodies killed by the explosion of the Grand Trunk Railway Steamer at Longueuil, on the 10th June, 1856, showing the total amount of the expense to be £1647 8s. 10d.

Also, a statement of the inquest held in consequence of the accident at the Desjardins Bridge as paid by Government, amounting in all to £362 7s. 6d.

Also, a statement of fees allowed by statute to Coroners in Upper Canada.

Also, remarks on the accounts rendered by J. A. Panet, Esquire, Coroner for the District of Quebec, during the half year ending 31st December, 1857.

Ques. 74. What are the rates fixed by the Order in Council for the remuneration of Commissioners and their Clerks?—By the Order in Council of January 20, 1857, in cases where professional gentlemen are appointed by the Government to inquire into and report upon subjects requiring the assistance and judgment of professional gentlemen:

£5	per day if the Commissioners are employed for less than	5 days.
£4	do do do do	10 do.
£3 10s.	do do do	10 do. or over.

In other cases, where professional or non-professional gentlemen are appointed, £3 10s., £2 10s., and £2, respectively, for the periods above mentioned. In cases where the Commissioners are gentlemen in the employment of the Government at an annual salary, a sum not to exceed £1 5s. per day. The Clerk or Secretary not to receive in any case more than 15s. per day, when the Commission authorizes the appointment of a Clerk or Secretary. The Commissioner and Clerk are allowed in addition their actual travelling expenses when employed at any distance from their places of abode.

Mr. *Harrington*, of the Provincial Secretary's Office, called in and examined:

Ques. 75. Are the accounts for contingencies of public offices in your charge?—The greater part, as recapitulated in the Public Accounts, are paid by me, but not all.

Ques. 76. Are you not then responsible for all those charges?—No; I am not.

Ques. 77. Do you then, in point of fact, only supervise and pay such accounts as you are specially directed to pay; and is there not a large amount paid on the sole responsibility of the several Departments, without your knowledge?—I only pay such as I am ordered. I have no knowledge of the amounts paid in the Crown Lands and Postmaster General's Departments, in the Bureau of Agriculture, in the Department of the Militia, and in a portion of the Inspector General's Department.

(By Mr. *Somerville*.)

Ques. 78. Can you state how and by whom the prices of the various articles furnished the Public Departments are checked?—There is an Order in Council directing the Heads of Departments to certify the accounts before they are paid.

Ques. 79. Do you exercise any control yourself over such expenditure?—I do not exercise the least control; I am obliged to pay every account properly certified by the Head of the Department.

Ques. 80. Will you please to state to the Committee the cause of the large charge appearing in each Department for subscriptions to newspapers?—The amount covers the cost of advertising as well as of subscriptions.

Ques. 81. The Committee observe that year by year a large and constant increase occurs in the sums paid for contingencies; can you explain the cause, and can you suggest any mode of reducing the outlay?—At the time of the Union it was thought that about £7,000 would cover the whole cost of the six Departments then existing under Schedule B. That went on for the first two or three years, but after that every year found a change in the system of government. The departments were increased and divided, and the accounts of the additional departments not being paid, their heads began to obtain separate Orders in Council for themselves, which increased the amount. I believe, also, that the price of things got up, but the main cause of the increase appears to be that the heads of departments complained of being obliged to make a requisition to a mere clerk for what they wanted, and they would get things themselves, and this is the system at present. The remedy is to appoint some one person to order everything in the shape of contingencies, and make him alone responsible. Since the Seat of Government has been moving about, the contingencies have further increased, as everything is out of place, the departments distant from each other, and constant losses occurring which require fresh expenditure.

Ques. 82. Please to state the amount paid by you in 1857?—£15,352 4s., including £2,102 4s., paid in January, 1858, on account of 1857.

Ques. 83. The amount in the Public Accounts appears to be (including the £2,102 4s.) £17,815 8s.; can you explain this?—There are items included in the Public Accounts, as published, which I know nothing about; such as George Futvoye, £200; David Luck, £126.

(By Mr. *Hogan*.)

Ques. 84. Are the charges made by Desbarats & Derbyshire for printing and stationery according to contract—or does each department make its own arrange-

ments?—Each department orders what it wants, and certifies the accounts. I am not aware of any contract.

Ordered,—That the Department of Public Works be requested to furnish the accounts current of the Province with Mr. Fiset and Mr. Gauvreau.

Mr. *Dickinson* handed in the following returns asked for by the Committee :

Account of Port Whitby and Lakes Scugog and Simcoe and Huron Road Company.

• Statement of public works sold to Incorporated Companies and other parties, under Act 12 Vic., cap. 5.,

Together with the accounts current of the various harbors, as follows :

Cobourg Harbor.

Oakville Harbor.

Port Dover Harbor.

Whitby Harbor.

Rondeau Harbor.

Also, statement of Collectors of Customs in default, with the nature and position of proceedings against them.

The Committee then adjourned until to-morrow, at 11½ o'clock, A. M.

Tuesday, 11th May, 1858.

MEMBERS PRESENT :

MR. GALT,
MR. CHAPAIN,
MR. MATTICE,
MR. LEBOUTILLIER,
MR. FERRES, and
MR. WHITE.

There being no quorum at 11.45, the Committee adjourned until to-morrow at half-past 11 a. m.

Wednesday, 12th May, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

ALEXANDER T. GALT, Esquire, in the Chair.

**MR. FERRIS,
MR. SOMERVILLE,
MR. MATTHEW,
MR. HOGAN,
MR. SIMARD,
MR. DUBORD,
MR. WHITE, and
MR. HOWLAND.**

The Minutes of the previous meeting were read and confirmed.

The Chairman reported that he had yesterday, in connection with some members of the Committee, taken the evidence of the Officers of the Desjardins Canal Company, who had attended in compliance with the order of the Committee.

The evidence was read, and ordered to be placed on the minutes.

*Minutes of Evidence of the Officers of the Desjardins Canal Company, taken by
MR. GALT, 11th May, 1858.*

Alexis F. Begue, President of the Desjardins Canal Company, and R. W. Suter, Secretary of the Company, attended in compliance with the order of the Committee.

The following questions were put to Mr. Begue.

Ques. 85. Will you please to furnish the Committee with a Statement of the affairs of the Desjardins Canal Company?—I hand in a statement of the affairs of the Company as required, prepared and certified by the Secretary. (See Return of statement of affairs of the Desjardins Canal Company.)

Ques. 86. Can you state the whole amount of outlay upon the Canal?—The whole outlay consists of the private capital £4740 8s., with the Loan of £17,000 from the Government, and the accruing tolls.

Ques. 87. Have any dividends been paid on the private stock, and if so, when was the last paid, and what was the amount?—No dividends have ever been paid on the private stock.

Ques. 88. Do the tolls keep the canal in repair?—They have done so for the last ten years.

Ques. 89. Can you explain why the revenue of the Canal has fallen off so much within the last three years?—One of the principal causes of the falling off of the tolls has been the obstructions to the navigation, caused by the Great Western Railway Company. As early as the fall of 1851, when the Great Western was being constructed, obstructions were placed in the old channel, in the

construction of the coffer dam. In 1852, the Great Western Company found that they could not make a bridge over the canal, and they proposed to fill up the old channel and make a new cut. The Canal Company was to pay the Great Western £12,500 for the new cut, and £500 for the bridge, by the agreement of 7th June, 1852, and a clear navigation, by the new cut, was to be open before the old one was closed. During the winter of 1852-53 the old channel was obstructed before the new one was open, and the Great Western Company paid \$1,800 to forwarders on account of the obstructions in the old channel. In 1853, the obstructions still existed, and no vessel could come up to Dundas. The Great Western Company have not yet completed their contract. These facts are more particularly explained in a return made by the collector in a reply to the Provincial Secretary, made on the 5th May, 1858, and contained in a return to an address before the House.

Ques. 90. Have the sums of £12,500 and £500 been paid to the Great Western Company, and if not, in what position does the liability stand?—£10,000 has been paid, and £3,000 is still due.

Ques. 91. From what fund was the £10,000 paid?—From the Municipal Loan Fund.

Ques. 92. Have the Desjardins Canal Company obtained a loan from the Town of Dundas for this purpose, and to what amount?—They obtained a loan of £13,000.

Ques. 93. On what security was the loan obtained?—On the security of a mortgage on the canal, the Government having waived their claim, in accordance with a statute passed for that purpose in 1852.

94. What are the present expenses of managing the canal, irrespective of repairs?—The whole expense is about £110.

Ques. 95. By the Collector's letter of 5th May, referred to in answer 89, it appears that the Great Western Railway have very seriously interfered with the navigation; have any steps been taken to remedy this?—We have protested against the interference of the Great Western Railway several times, and the Solicitor of the Company has threatened them with legal proceedings. The Great Western Company contend that they have completed their contract, which we deny; and it was agreed that each should furnish an engineer to report upon the work, and that in case these two disagreed, they should appoint a third; this has been done, and the engineer on behalf of the Canal Company reported that the Great Western Company had not completed their contract, which they then undertook to do. We still say that they have not done it, and keep back the £3000 as a set off, and the matter now stands in that position.

Ques. 96. Has much complaint existed in the town of Dundas from the interruption to the navigation?—Very numerous complaints are made by commercial men generally.

Ques. 97. Do the regulations of the Great Western Company respecting the opening of the Draw Bridge interfere with the business of the Canal?—Certainly they do.

Ques. 98. What is the low water depth in the Canal?—Last fall it was as low as seven feet.

Ques. 99. Are the Great Western Company bound to increase this depth.—Yes, to nine feet.

Ques. 100. Do you consider that the private proprietors have any value whatever from the stock originally subscribed?—I consider that the stock has a value.

Ques. 101. On what do you found your opinion of its value?—The tolls may rise, and the manufacturing interests of Dundas may bring business which will ultimately raise the value of the stock.

Ques. 102. The Canal debt to the town of Dundas is £18,000; on what terms was it obtained?—The Canal Company took it on the terms on which it was obtained from the Government.

Ques. 103. The amount payable on the town debt is then £1040 per annum, and £88,233 11s. 3d. is also due the Province on which interest is payable, whilst the largest tolls ever obtained give only £1579 1s. 3d. in 1852; do you consider there is any expectation that the tolls will ever nett £8,500 per annum?—I hope that in a few years they will.

Ques. 104. Can you furnish a list of private stockholders?—I will furnish a list.

Ques. 105. By whom are the Directors elected; how many; and is the election annual?—There are five elected by the stockholders, two by the town, and two by the Government.

Ques. 106. Who are the Government Directors?—John McKenzie and Hugh Moore, both of Dundas.

The Chairman reported that by desire of the Committee he had, with Mr. *Ferres*, examined the accounts of Trudeau and others, for the Commissions on the Montmorenci Bridge, and on the Quebec Turnpike Trust, and while it appears that the amounts charged have all been properly applied, it is their duty to submit to the Committee that it appears that the Order in Council fixing the remuneration of the Commissioners only authorized the lower rate of remuneration to certain of the Commissioners, as in the case of the Bridge it does not appear that the services of two legal gentlemen and an engineer were professionally required. Nor in the case of the Quebec Turnpike Trust does any necessity appear for retaining professionally a medical gentleman, even if a member of the legal profession and an engineer might possibly be required. It is also to be regretted that such large sums as £429 18s. 6d. and £1663 18s. 11d. should have been expended on these inquiries, especially in the latter case, where the Government has, up to this time, been required to pay the interest on the Trust Bonds for £33,882.

Ordered, That the following questions be sent to Mr. Dickinson.

Ques. 107. Will you explain why the sums paid for commission on Montmorenci Bridge, £429 18s. 6d. (less £250 paid on account), and for commission on Quebec Turnpike Trusts, 1663 18s. 11d., by two warrants for £179 18s. and £1663 18s. 11d., are not so entered in the public accounts, but are charged as follows: Page 63, Trudeau and others, £76 7d. 2d. and £1445 4s. 2d., and page 308, £322 6s. 1d., none of which sums agree with the warrants, though the total is the same.

(By Mr. *Hogan*.)

Ques. 108. Please explain why the deduction or abatement, in the purchase of the Oakville Harbour, was made; and at whose instance was it made?

Ques. 109. The Committee observe in a memorandum by you relative to the Port Whitby and Lakes Scugog, Simcoe, and Huron Road Company, that the law proceedings against the securities for the road were abandoned in consequence of their adducing proof that their liability was satisfied; in what manner was this liability satisfied?

Ques. 110. They also observe your memorandum respecting the Rondeau Harbor Company, that the Government have resumed that work, if so, under what circumstances, and how is it that the Company still appear in the accounts with charges entered against them down to 1st January, 1858?

Ordered, That the President and Secretary of the Cobourg Harbor Company be directed to appear before the Committee, on Wednesday next, at 11½ A.M., with a statement of the affairs and accounts of the Company.

Also, That the President and Secretary of the Woodstock and Lake Erie Railway and Harbor Company be directed to appear on Thursday week, at the same hour, with a statement of the affairs and accounts of the Port Dover Harbor.

Also, That the President and Secretary of the Port Whitby and Lakes Scugog, Simcoe and Huron Road Company be directed to appear on Friday week, with a statement of their affairs and accounts.

Ordered, That the following questions be forwarded to Mr. Begly :

(By Mr. Hogan.)

Ques. 111. When did the account with Mr. James Cotton for dredging and other works at Port Stanley Harbor commence ; what was paid to Mr. James Cotton for raising the "Royal Oak," or other schooners wrecked in Port Stanley Harbor ; and what correspondence has taken place with the Board of Works in relation to such wreck or wrecks ; and were not such wreck or wrecks attributable or claimed to be attributable to the *laches* of the contractors ? Please to furnish an account current of the payments made at different periods to James Cotton, for or on account of the Port Stanley Harbor.

Ques. 112. Please to furnish the account of John Brown for work performed for various light-houses in Upper Canada, shewing whether such work was performed by contract, or by Order in Council, or by direction of the Board of Works.

Also, state for what work at Point Pelée Reef, C. W. Heath was paid £1,374 14s. 3d.

Also, the account of S. Derbishire, amounting to £2,972 6s. 9d., for Light House apparatus.

Also, the account of F. Baby, shewing the exact cost of freight, &c., of light apparatus from Havre to Toronto.

The Committee then adjourned until Friday, at half-past 11, A.M.

Friday, 14th May, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

A. T. GALT, Esquire, Chairman.

**MR. HOWLAND,
MR. SOMERVILLE,
MR. HOGAN,
MR. DUBORD,
MR. FERRES,
MR. MATTICE, and
MR. SIMARD.**

The minutes of the previous meeting were read and confirmed.

Ordered, That Mr. Hogan and Mr. Dubord be requested to examine the accounts of Mr. James Cotton and of Mr. John Brown with the Board of Works, and report thereon to Committee.

Ordered, That Mr. Langton be requested to furnish the vouchers and accounts of Messrs. Desbarats and Derbyshire for 1856 and 1857 for the payments under the head of "Expenses of the Legislature."

Also, a statement of all moneys paid George Festvoye in 1856 and 1857, stating the amount and nature of service.

Also, accounts and vouchers for sums paid in 1856 and 1857 to D. B. Read and A. Polette, page 80, 1856, and page 73, 1857.

Also, statement of salaries paid by Mr. Chauveau in 1856 (page 83), £725 15s. 3d.; also a statement by whom the said salaries are fixed and explanation of the increased amount paid in 1857; also please state the principal items of contingencies in 1856.—£1,046 2s. In 1857, £971 2s. 9d.

Ordered, That Mr. Langton be requested to attend the Committee on Monday.

Ordered, That Mr. Ferres and Mr. Mattice be requested to examine the accounts of Election Expenses for 1856 and 1857, and report thereon to the Committee.

The Committee then adjourned until Monday at half-past 11, A. M.

Monday, 17th May, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

**MR. SOMERVILLE,
MR. WHITE,
MR. FOLEY, and
MR. SIMARD.**

There being no quorum at half-past 11 o'clock, the Committee was declared adjourned pursuant to the call of the Chair.

Tuesday, 18th May, 1858.

The Committee met pursuant to the call of the Chair.

MEMBERS PRESENT:

MR. FERRES,
MR. J. CAMERON,
MR. SOMERVILLE,
MR. LE BOUTILLIER,
MR. BUCHANAN,
MR. WHITE,
MR. FOLEY,
MR. SIMARD,
MR. MATTICE, and
MR. HOGAN,

In the absence of Mr. *Galt*, Mr. *Ferres* was requested to take the Chair.

The minutes of the former meeting were read and confirmed.

A list of shareholders in the Desjardins Canal Company was presented.

Mr. *Dickinson* handed in the following replies to questions 107, 108, 109, and 110:

Ques. 107. With reference to the mode in which certain sums were paid for commissions on Quebec Turnpike Trust and Montmorenci Bridge. — The amount which should have been charged as the expenditure of the Commissions of Enquiry into the Quebec Turnpike Trust is £1,663 18s. 11d., and not £1,767 10s. 3d., as stated in the Public Accounts, making an excess of £103 11s. 4d., which difference is short charged on account of Commissions of Enquiry on Montmorenci Bridge, the amount being stated to be £76 7s. 2d. in place of £179 18s. 6d.

Ques. 108. With reference to abatement in price of Oakville harbour?—The accompanying statement is submitted in explanation of the credit referred to on the 30th June, 1852, say, of £500, which was erroneously stated to be an abatement from the purchase money. (See statement of account with R. K. Chisholm.)

Ques. 109. With reference to sureties of Port Whitby and Lake Scugog Road Company?—With reference to the Port Whitby and Lakes Scugog, Simcoe, and Huron Road Company, the sureties were bound only for payment of one-tenth of the purchase money, which sum has been paid, and they the sureties in consequence absolved.

Ques. 110. With reference to resumption of the Rondeau Harbour?—I beg to substitute a correct statement of the account of the Rondeau Harbour Company in place of that previously furnished, the Accountant not having been made aware of the fact of the Government having resumed that work when such account was made up.

Mr. *Dickinson* also sent in the special report on the Quebec Fire Loan.

A communication was read from D. Brodie, of Cobourg, stating that the Cobourg Harbour was now in the hands of the Municipality of that town.

Ordered,—That the Mayor of Cobourg be directed to attend the Committee on Friday next with a statement of the affairs and accounts of the Harbour.

Mr. *Langton* attended and handed in the following statements asked for by the Committee.

Vouchers and Accounts of Messrs. Desbarats & Derbyshire.

Statement of moneys paid George Futvoye.

Accounts and Vouchers of Moneys paid D. B. Read and A. Polette.

Statements of salaries, &c., paid Mr. Chauveau.

The following questions were then put to Mr. *Langton* :

Ques. 111. Referring to the account current of the Superintendent of Education for Canada West, it appears that on the 1st January, 1856, there were a series of balances under different heads in his hands, amounting altogether to the large sum of £23,248 12s. 2d. ; and again on the 1st January, 1857, corresponding balances, amounting to £5,128 5s. 3d. ; can you inform the Committee whether these large balances are accidental or usual?—The monthly balances in the hands of the Superintendent of Education since January 1, 1856, have varied considerably in amount, being rarely less than three or four thousand pounds, and sometimes more for a short period. Since then the object has been to supply him with funds from time to time to meet all his probable wants for the various services without leaving any unnecessary balance in his hands, but prior to that date he had often large balances for long periods.

Ques. 112. Can you state what the average monthly balances were in 1854 and in 1855?—I cannot give the monthly balances for 1854, but the accounts in my office give the balances for the year 1855, and I will give the details to-morrow. My recollection is that from the middle of 1855 he had an average balance in his hands of upwards of £20,000.

Ques. 113. Is the money advanced him by warrant left entirely at his disposal to be paid away on his own checks, without their being vized by any other officer?—Yes ; but since 1857 we require all accountable warrants to be drawn for on official checks, which are sent by the Bank to the Auditor monthly. Previous to that arrangement being made, all public accountants kept their money in any Bank they chose, and drew for it as they chose.

Ques. 114. In what Bank were the large balances of 1854, 1855, and 1856 deposited, and was interest allowed on them by the Bank ; and if so, did such interest go to the credit of the public or to the private credit of Dr. Ryerson?—They were deposited in the Bank of Upper Canada, which allowed Dr. Ryerson interest upon them. The interest went to his private account.

Ques. 115. Has Dr. Ryerson been called upon to refund the amount of interest received by him on such balances, and if so, has he paid it into the public chest, and what was the amount?—An Order in Council was passed requiring Dr. Ryerson to refund the interest he had received, but I am not aware that it has been paid. The amount was about £1,500.

The Committee then adjourned until to-morrow, at 11½ A. M.

Wednesday, 19th May, 1858.

MEMBERS PRESENT :

MR. FERRES,
MR. SOMMERVILLE,
MR. MATTICE, and
MR. FOLEY.

There being no quorum at a quarter to 12, the Committee adjourned.

Thursday, 20th May, 1858.

The Committee met pursuant to the call of the Chair.

MEMBERS PRESENT :

MR. FERRES,
MR. J. CAMERON,
MR. LE BOUTILLIER,
MR. CHAPAIS,
MR. BUCHANAN,
MR. HOGAN,
MR. BROWN,
MR. FOLEY,
MR. MATTICE, and
MR. SOMMERVILLE.

In the absence of Mr. *Gall*, Mr. *Ferres* took the chair.

The minutes of the previous meeting were read and confirmed.

The Chairman reported, that he had yesterday, in connection with Mr. *Foley*, Mr. *White*, and Mr. *Buchanan*, taken the following evidence from Mr. *Langton* :

Ques. 116. By the Report of the Board of Audit, the Committee understand that accountable warrants are now at the credit of the Government with the Banks, and the balances are no longer at the private control of the Accountant; is it not so?—That is the system at present.

Ques. 117. Have balances of a similar kind to those referred to in question 106, been in the hands of Mr. Chauveau, Superintendent of Education East?—I do not think that any large balances ever accumulated in the hands of the Superintendent East; large sums were frequently paid him for distribution amongst municipalities, but there appears to have been no delay in the distribution excepting from the fault of the municipalities themselves.

Ques. 118. Do you check the pay lists and general disbursements for the militia and enrolled force?—Yes.

Ques. 119. Refer to page 101, of Public Accounts for 1856, where £2147 0s. 2d., and page 95 of Public Accounts for 1857, where £3279 7s. 11d. are charged for pensions paid through the Receiver General; what pensions are these; how are the

pensioners paid, and for what services are the pensions granted?—The payment of these pensions is in the hands of the Receiver General; I will give a detailed statement of the account at the next meeting.

The Chairman also handed in a Statement furnished by Mr. Langton, of the monthly balances in the hands of the Superintendent of Education for Upper Canada, for the years 1854, 1855, and 1856.

Dr. Beatty, Mayor of Cobourg, attended in compliance with the order of the Committee.

Mr. Smart, Secretary of the Woodstock and Lake Erie Railway and Harbour Company, also attended in compliance with the order of the Committee.

The following questions were put to Dr. Beatty from the Chair.

Ques. 120. Is the Cobourg Harbour Company still in existence?—It is not.

Ques. 121. To whom does that harbour now belong?—To the Municipality of the Town of Cobourg.

Ques. 122. Under what arrangements with the Government for the £10,000 advanced to that Company was the transfer effected to the Town of Cobourg, and at what date?—By the reduction of the £10,000 to £4,000, to be paid one-third in ten years, one-third in fifteen years, and one-third in twenty years; the transfer was made in 1850.

Ques. 123. What amount of private stock was there at the date of transfer; and what is the present total amount of funded indebtedness of the Harbour on which interest is payable?—I do not recollect the precise amount of private stock previous to the transfer, but at the time of the transfer the private shareholders reduced their investment to £3,900; at the present time the Government debt is £4,000, the consolidated private stock £3,900, and there are £13,318 of new debentures; the whole exists in the form of debentures on which interest is payable half-yearly.

Ques. 124. Are the accounts of the harbour kept separate from the other accounts in the books of the town?—No; but the accounts of the harbour are so kept as to show every year the revenue and the expenditure.

Ques. 125. Can you give a debit and credit statement of that account from 1st January, 1854?—I hand in a statement of the account from 1851.

Ques. 126. Are there works at this moment under contract for improving the harbour?—None under contract, but we are making improvements by day labour.

Ques. 127. Does the present income of the harbour cover the expenditure?—It more than covers it.

Ques. 128. How happens it then that the harbour is in arrear to the Government, £720, on account of interest?—So far as I know, the only reason why these arrears have not been paid, is because the coupons have not been presented at the Clerk's office where they are payable. I have never heard of a coupon being presented without being paid. I have, however, not been in the Council for three years previous to the present year.

(By Mr. Foley.)

Ques. 129. Whose duty is it to see that the coupons are duly presented?—I should suppose it is the duty of the parties who hold them.

Ques. 130. The Town of Cobourg purchased from the Government the Port Hope and Rice Lake Road, for £4600, in 1851; are the accounts of that road kept separate in the books of the corporation?—They are.

Ques. 131. Did the Town issue debentures for the £4600 in favour of the Government?—Not that I am aware of.

Ques. 132. That account exists then as an open debt of the Corporation to the Government? Is there any other debt on the road beyond that to the Government?—It does. There is no other debt.

Ques. 133. Is the revenue of that sufficient to keep the road in repair and pay interest on the debt?—It is.

Ques. 134. The Committee observe a balance due to the Government on account of that road, of £600; why is that?—I cannot say why the balance exists. I am not aware of its ever having been applied for.

The following questions were then put by *Mr. Brown* :

Ques. 135. Does the Corporation of Cobourg own the whole stock of the Cobourg and Peterborough Railway?—The Corporation of Cobourg hold £125,000 of stock; there is about £6000 of private stock which makes up the whole.

Ques. 136. Are you, as Mayor of Cobourg, a Director of the Cobourg and Peterborough Railway Company?—I am.

Ques. 137. Is the Company bankrupt?—It cannot pay its debts.

Ques. 138. What is the amount of its debts, and in what shape do they now stand?—£100,000 sterling of Company's bonds, and a floating debt of which I do not know the amount.

Ques. 139. To what date has the Company paid the interest on its Debentures?—Up to 1st July, 1857.

Ques. 140. Does the Company now run the Road, or is it leased—and if leased, to whom is it leased—and on what terms?—The Company leased the road on the 1st. February, 1857, to D'Arcy Boulton, who was to pay the Company £9000 per annum, half yearly in advance, until a certain amount was expended on the Rice Lake Bridge, and then he was to pay £10,000 per annum.

Ques. 141. Has Mr. Boulton paid the said rent in accordance with his agreement?—The first year the rent was paid up to February, 1858; for the next half year the rent has not been paid.

Ques. 142. Was the said year's rent paid by Mr. Boulton in cash?—It was paid in Company's Bonds which were used to pay the debts of the Company.

Ques. 143. What was the value in the market of said Bonds?—I do not know. They were depreciated.

Ques. 144. Would they have brought fifty per cent. cash in the market?—I cannot say.

Ques. 145. Were the Debentures due?—They had 17 years to run.

Ques. 146. Did you, as a member of the Railway Board, assent to that transaction; and if so, have you any objection to state your reason for agreeing to it?—The agreement was that Mr. Boulton was to pay the £9,000 in cash; he found he could not do so, and he said he would give £10,000 in Bonds, and we found we could make use of them to pay our debts, and therefore accepted his offer.

Ques. 147. Did you re-issue the said debentures at par in payment of your debts?—I think we parted with them on the same terms that we accepted them.

Ques. 148. To which of your creditors did you pay any of the said Debentures?—The only part I can trace was paid to Mr. John Hillyard Cameron, I think £5,000; and I think Henry Covert holds £5,000 for money advanced by him.

Ques. 149. Will you be good enough to inform the Committee how they can obtain full information as to the debts of the Company which were discharged by the re-issue of the said Debentures?—The only person would be Mr. Goodeve.

Ques. 150. Was it arranged, before you accepted the Debentures from Mr. Boulton, that they should be paid over to Messrs. Cameron and Covert?

This question was objected to by the Chairman on the following grounds: "The Chairman, *pro tem.*, objects to this investigation on the ground that this Committee is named by the House to examine the items of public accounts and not to inquire into the affairs of the Cobourg and Peterborough Railway."

Mr. Brown moved that the question be now put to the witness, which was carried in the affirmative on the following division:

Yeas—Messrs. Buchanan, Somerville, Hogan, Foley, Mattice, LeBoutillier, White, and Cameron.

Nays—Mr. Ferres.

Ans. My impression is that the Directors understood they could make use of the Debentures to pay their debts, but I do not recollect that they knew to whom they could be paid.

Ques. 151. How much was the Cobourg and Peterboro' Railway Company to receive from the Grand Trunk Railway Company, under the Grand Trunk Relief Act of last session?

This question was also objected to by Mr. Ferres, on the same ground as the preceding; but it was ordered to be put on the same division.

Ans. We understood that the Company was to receive £35,000.

Ques. 152. How much has it received of said aid under the Grand Trunk Act?—About £18,000.

Ques. 153. Do you know whether the said sum of £18,000 came from the Grand Trunk Railway Company or from the Provincial Government?—So far as I know, we have only had to do with the Grand Trunk Company. The first part of the fund, I think, came from the Government. £10,000 was received before I became a member of the Board. If you would send for the people who have the books of the Company, you would get all the information you want.

Ques. 154. In what shape was the said sum paid over to the Company—by cheque, in cash, or otherwise?—I cannot say how the first monies were paid; monies lately have been paid by the Grand Trunk Company in cash upon the estimate of the engineer as the work was done. It is to the Grand Trunk Company only that we apply.

Ques. 155. How was the said sum of £18,000 employed?—Principally in filling in the Rice Lake bridge, so far as I know.

Ques. 156. Has the Government ever applied to the Company to refund any part of the said £18,000?—Not that I am aware of.

Ques. 157. Have the Company a proposal now on foot to borrow £50,000, giving a first mortgage on the road as security; and is part of the said sum, if obtained, to be applied in refunding to Government any portion of said £18,000?—The Company have applied to the Legislature for a bill to enable them to issue £50,000 of Preferential Bonds, which, so far as I know, are to be applied to giving the Grand Trunk security for £25,000, and the balance is to be employed to complete the road.

The witness then withdrew.

Mr. Brown called the attention of the Committee to the fact that a return ordered on the 21st April of all Debentures issued by the Provincial Government had not been sent down for the information of the Committee, and moved that a letter be addressed to the Inspector General on the subject, which was agreed to.

On motion of *Mr. Brown*, it was *Ordered*, That the Inspector General be called on to furnish a statement of all the "Special Funds" in the hands of the Government—the balances at the credit or debit of each such fund, and the manner in which the several sums at the credit of said Special Funds are respectively invested.

On motion of *Mr. White*, it was *Ordered*, that the following question be forwarded to Mr. Dickinson :—

Ques. 158. Did the Government sell the Oakville Harbour, and if so, to whom; at what time, and for what amount?

Ordered, That the following question be handed to the Superintendent of Education for Upper Canada :—

Ques. 159. It has been communicated to this Committee that in the years 1854, 1855 and 1856, a large sum of public money was in your hands—that you deposited said money in the Bank of Upper Canada—that you received £1,500 or thereby from the Bank as interest on said deposits—that you have been called on by Order of Council to refund said sum of interest, but have not done so. Will you be good enough to explain this matter to the Committee?

The Committee then adjourned until to-morrow, at 11½, A.M.

Friday, 21st May, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

A. T. GALT, ESQUIRE, Chairman.
 HON. MR. CAYLEY.
 MR. HOGAN,
 MR. CHAPAIS,
 MR. SOMERVILLE,
 MR. FOLEY,
 MR. BUCHANAN,
 MR. FERRES,
 MR. SIMARD,
 MR. MATTICE, and
 MR. J. CAMERON.

The minutes of the previous meeting were read and confirmed.

A communication was received and read from the Deputy Inspector General, stating that the return of debentures applied for by the Committee was being prepared, and would be laid before them with as little delay as possible.

On the motion of the Hon. Mr. *Cayley*, it was

Ordered, That the whole of the proceedings of the Committee be published on the authority of the House being obtained.

The following communication was handed in from Mr. *Begly*, giving answers to questions 104 and 105, and enclosing certain returns therein mentioned :

"The account with Mr. James Cotton, for work at Port Stanley harbour, commenced under contract dated 25th November, 1850, on which he has been paid the sum of £15,637 8s. currency.

"A second contract was passed, dated 20th November, 1852; on this there was paid £11,357 1s. 9d.

"On a third contract, dated 17th May, 1856, the contractor has received estimates amounting to £8,946 0s. 9d.

"Previous to the above contracts having been entered into, there was a contract with Messrs. Cotton and Rowe, which amounted to £200, and was paid.

"I now produce a copy of the account with Mr. John Brown, for work performed under his contracts for Light Houses, &c., Lake Huron. I also produce the accounts current with Mr. Olivier Fiset and Mr. Pierre Gauvreau.

"I also furnish a statement of the amounts paid to Messrs. Saulter & Company, of Paris, through Mr. Derbyshire.

"The other documents required are being prepared."

Mr. *Cameron* informed the Committee that he had been requested by Dr. *Ryerson* to state that in consequence of having been engaged during the day in attendance upon a Committee of the House, he (Dr. *Ryerson*) had been unable to prepare the explanation in answer to question 159.

Mr. *Smart*, Secretary of the Great Southern Railway, with which the Woodstock and Lake Erie Railway Company has been amalgamated, attended in compliance with the order of the Committee.

The following questions were put from the Chair :

Ques. 160. Was the Port Dover Harbour purchased by the Woodstock and Lake Erie Railway Company?—Yes.

Ques. 161. Are you prepared to furnish the Committee with the statement of the affairs and accounts of the Port Dover Harbor?

Witness stated in reply, that having been in Toronto since he received the notice to attend the Committee, he had not been able to prepare the required statement.

(By Mr. *Foley*.)

Ques. 162. By whom are the accounts of the harbor kept?—They are kept by the Harbor Master and are audited by me.

Ques. 163. Do you receive revenue from any portion of your works other than the harbor?—We receive revenue from lands.

Ques. 164. Can you furnish the Committee with a statement of the revenue derived by the Woodstock and Lake Erie Railway Company from the harbor since it came into their possession, and with a statement of the outlay upon it?—I will furnish the statement required.

Ques. 165. Will you furnish the Committee with a statement of the revenue derived by the Woodstock and Lake Erie Railway Company from lands, and where are such properties situated?—I will furnish the statement.

The witness then withdrew.

Mr. *John Bigelow*, Secretary of the Port Whitby and Lakes Scugog, Simcoe and Huron Road Company, attended in compliance with the order of the Committee.

The following questions were then put from the Chair :

Ques. 166. Are you prepared to furnish the Committee with a statement of the affairs and accounts of the Company?—I hand in a statement of the affairs of the Company up to January, 1857; also, a statement of the cash transactions of the Company up to January, 1858. (See statement of affairs of Port Whitby Road and Harbor Company.)

Ques. 167. There appears to be a balance of £4,233 11s. 5d. due by the Company. Why has this sum remained unpaid?—The receipts of the harbor and of the road have not been sufficient to pay it.

Ques. 168. What expenditure have you made on the road, and in what state is it now?—£5,000 have been expended from the tolls; the road is now macadamized and is in fair order, except that portion of it within the town of Whitby.

Ques. 169. Does any other mortgage exist upon the road and harbor besides that due the Government?—There is no other debt.

Ques. 170. Do you soon expect to be in a position to meet your liability to the Government?—We do not; there has been a falling off in the receipts of the harbor of over £1,000 within the last year, which we attribute to the construction of the Grand Trunk Railway. The receipts from the tolls are higher than they were the preceding year, which proves that there has been as much traffic as usual, but that it has been diverted from the harbor. We also require extensive repairs to the harbor.

Ques. 171. What is the present income of the Company?—The receipts of the harbor for last year were £964 18s.; the receipts of the road £930 10s.; from these sums the expenses of collection have to be paid; of these sums £294 is in arrear.

(By Mr. *Cameron*.)

Ques. 172. Has an offer been made to the Company by the municipality of the town of Whitby, for the purchase of that portion of the road passing through the town?—There is a correspondence going on as to whether this Company or the town are the owners of that portion of the road, and the matter is to be referred to the Judges.

Ques. 173. Will you furnish a statement of your assets and liabilities, and also an estimate of work required in the harbor?—I hand in the statement required.

Ques. 174. What amount of private stock has been subscribed, and how much has been paid?—£25,000 has been subscribed, of which about ten per cent. has been paid up.

Ques. 175. Have any dividends been paid to the shareholders, and what?—None.

Ques. 176. Will you furnish a list of the stockholders, with the amounts paid?—I hand in the list required.

Ques. 177. When was the last call made on the shareholders, and has it been paid in full?—In November, 1855; only a very small amount has been paid.

Ques. 178. Have any steps been taken to recover payment?—No.

Ques. 179. How much is due on that call?—The call was for £1,000, of which £975 is unpaid.

The witness then withdrew.

The Committee adjourned until Wednesday next, at 11½ o'clock, A. M.

Friday, 28th May, 1858.

The Committee met pursuant to a call of the Chair.

MEMBERS PRESENT :

A. T. GALT, Esquire, Chairman.

MR. DUBORD,

MR. LE BOUTILLIER,

MR. CHAPAIS,

MR. FOLEY,

MR. BUCHANAN,

MR. MATTICE,

MR. FERRES,

MR. SIMARD,

MR. J. CAMERON,

MR. HOWLAND,

Hon. MR. CAYLEY,

MR. HOGAN,

MR. WHITE, and

MR. BROWN.

The minutes of the previous meeting were read and confirmed.

Mr. *Galt* called the attention of the Committee to the minutes of the 12th May, with reference to the report made by himself and Mr. *Ferres*, upon the accounts of Trudeau and others, in the matter of the Quebec Turnpike Trust. It appeared that the amount allowed to Dr. Poulin was incorrectly stated in that report, and that he had been paid according to the rate allowed by the Council. Mr. *Galt* therefore begged to be allowed to correct the minutes in this respect.

The Chairman stated that he had received a communication from Dr. Ryerson, in reply to question No. 158 by the Committee. The communication was opened and read, as follows :

Ques. It has been communicated to this Committee that in the years 1854, 1855 and 1856, a large sum of public money was in your hands—that you deposited said money in the Bank of Upper Canada—that you received £1,500, or thereabouts, from the Bank, as interest on said deposits—that you have been called upon by Order of Council to refund said sum of interest, but have not done so. Will you be good enough to explain the matter to the Committee?—I understand it to be the wish of the Committee that I should give a full explanation of the system, as well as facts, involved in the foregoing statement and question.

In compliance with the request of the Committee, I beg to state as follows:—

1. There has been more or less public money at my credit at the Bank during the last twelve years—since 1846.

2. From 1851 to 1855 the Bank of Upper Canada allowed me at the rate of three per cent. per annum on all half yearly balances of money at my credit in the Bank, whether public or private; but the Bank has allowed me nothing on any balances of money at my credit there since November of 1855, or before February of 1851.

3. In reference to what the Bank allowed me during three years on half yearly balance of moneys at my credit, I hereby append a copy of the amount in detail, which I transmitted to the Honorable the Inspector General, December 29, 1856, in connection with a letter in which I explained the circumstances under which the allowance had been made, and discontinued upwards of twelve months previous, and the reasons for which I prayed the decision of the Governor General in Council as to whether I was not justly entitled to £1,375 19s. 9d. of the sums allowed by the Bank, stating at the same time that "I would rather sustain any loss than receive directly or indirectly a penny which was not in accordance with law as well as with justice." I have as yet received no answer to that letter; nor has any Order in Council been communicated to me on the subject.

4. As the whole matter is now subject to the judgment of the Committee, I beg to submit to their consideration the following explanations and facts:—

In 1850, the Legislature made provision out of an Upper Canada Fund for the purchase of a site and the erection of buildings for the Normal and Model Schools—a site consisting of a square of nearly eight acres, which with the Normal and Model School buildings and their appendages, and including the accommodations for the education offices and depositories, the enclosure and planting of the grounds, has cost under £25,000—less than the present value of the land. At the request of the Council of Public Instruction, I made proposals to the different Banks, with a view of getting some allowances for the deposit of such building fund until it should be expended. The Bank of Upper Canada offered the best terms. The amount allowed on the balances of such fund was £192 17s. 2d., which amount I charged myself with, crediting it to the Building Fund, as the books show, though the allegation is persisted in that I have not accounted for it, and it is included in the £1,500, which I am erroneously said to refuse to refund. This is the first item mentioned in the appended financial statement A.

2. In regard to allowance made by the Bank on the other moneys mentioned in the appended statement A, I may remark that it arose from an incidental application on the part of Mr Hodgins during my absence in England in 1851, that the Bank would allow me something on the amount of the quarterly warrants for my salary not called for—an arrangement which I never should have thought of myself. The reply was that three per cent. per annum on the balances of all moneys at my credit in the Bank would be allowed me. On learning the fact after my return from England in 1851, I ascertained that I was not held responsible for more than the amount of moneys paid through me by Government for school purposes, and that in the circumstances I was entitled to any incidental advantages connected with the payment of such moneys. This occurred the year before the payment of School Grants was transferred to me. The legal responsibility and circumstances respecting these grants were as follows:—The 12th clause of the 55th section of the School Act of 1850 (under which I hold office) provides that the Chief Superintendent shall "be responsible for all moneys paid through him in behalf of the Normal and Model Schools, and shall give such security for the same as shall be required by the Governor." The

terms of my Bond were in harmony with the provisions of the Statute, which, it will be seen, did not contemplate my being responsible for, or paying any school moneys except those expended for the support of the Normal and Model Schools—all other school moneys having hitherto been paid, and until two years afterwards, at the office of the Honorable the Receiver General, pursuant to my apportionment and notification. But in 1852, after the removal of the Seat of Government from Toronto to Quebec, I was directed to pay, as well as apportion, all Common School moneys for Upper Canada, and in the following year, 1853, I was directed to do the same in regard to all Grammar School moneys. Down to the end of 1856 I was personally responsible for the custody, as well as payment, of all school moneys. Since then school moneys are deposited according to an official form and official instructions, as may be seen by the appended printed circular C, from the Inspector General's Department, and I am responsible for nothing but the cheques I give for the payment of such moneys. The appended statement, B, shows the amount of moneys I received and accounted for from 1850 to 1856. The whole amount was £237,383 6s. The amount for which I was responsible, and which I was authorized to pay according to the School Act of 1850, was £20,284 13s. 3d. The amount which I paid and accounted for by special instructions, and not provided for by law, was £218,751 1s. 2d. The whole amount received and paid by me down to the end of 1856, when personal responsibility ceased for all moneys beyond the amount of my cheques, was £304,159 6s. 3d.—for the payment and even receipt of every farthing of which I have accounted by every species of voucher that could be demanded. Now, for the receipt, safe-keeping, payment, and administration of the law in regard to the expenditure of these large sums of money from 1850 to 1856, and which the law did not require me to do, I have received no compensation beyond the incidental advantage the Bank allowed me on half-yearly balances at my credit from 1851 to 1855. My salary during that period was but £500 per annum—equal during the greater part of the time, on account of the increased and unprecedented dearness of living, to little more than £250 in 1850, when the salary was decided upon, and less than was allowed to senior clerks in some of the public departments.

On this point I beg further to remark, that down to the beginning of 1857, I never received any instruction as to where I should deposit moneys for which warrants were issued on my behalf, or whether I should deposit them at all, so that I might have employed them as I pleased, provided they were paid when, and in the manner provided by law; but I deposited them in the bank and applied them simply to the purposes for which they were intended. (2) That though I used not only official cheques for public school moneys, but a distinct form of official check for each branch of the School Fund which I had to pay out, yet no distinction was made in the deposits between public and private moneys; and I felt myself no more obligated to account for any allowance the Bank was pleased to make on such deposits than to account for any other private money; and I felt not a little surprised when in 1856, several months after the Bank had ceased making me any allowance on balances of money at my credit, I was called upon to account for such allowance which I regarded as my own. (3) That it is, I submit, without precedent as it is without reason or justice, that a public officer should, in addition to his duties prescribed by law, act as treasurer and paymaster for the sum of more than £200,000 without any compensation for such extra official responsibility and labor. (4) That though I always labored to the utmost of my power without regard to amount of salary, and was unwilling to apply to the Government for increase of salary or compensation for extra labor and responsibility, yet I felt that I was entitled to much more than the contingent advantage granted me by the Bank—an advantage which I had received on small deposits of public and private money during a year before I undertook the task

of receiving and paying as well as apportioning public school grants, and which could not but have had some influence upon me in assuming such extra official responsibility and labor—an advantage, however, which the Bank afterwards withdrew, as it had granted it, at its own pleasure, without any reference to the Government; but the withdrawal of which, though it prompted me to seek as well as feel, the need of some more certain remuneration, made no difference in the manner in which I performed the work I had undertaken, in addition to my official duties imposed by law.

I therefore respectfully submit to the Committee, whether under all the circumstances, I am not justly entitled to a much larger compensation than I have received for my extra official responsibilities and labors, especially from 1851 to 1855, when the Bank thought proper to change its policy of allowing any thing on the deposits of private or public money, when an increase was first made to my salary, and when the School Act 18 Vic., cap. 132 required me to account for all School moneys which shall come into my hands as Chief Superintendent of Education.

I now proceed to the other part of the statement made to the Committee relative to the balances of School moneys in my hands the 1st January 1854, 1855 and 1856.

This statement would seem to imply that there were no balances during preceding years, and that the balances during the years mentioned were caused for a particular purpose; whereas there always have been certain balances, sometimes larger and sometimes smaller at the end of each year, arising from the non-payment of portions of the School grants, apportioned at the beginning of the year, on account in some cases of the requirements of the law not having been complied with, or in others from the money not having been applied for. I hereto append the copy of a statistical statement (marked D) of the receipt and payments of the School grants for Upper Canada from 1846 to 1856, prepared during my absence in Europe, and transmitted (May 3, 1856) to the Board of Audit through Mr. Langton, a few days after my return. It will be seen by this statement that there were balances of School moneys at the end of each year from 1846, and that the balances were less at the end of 1852, the end of the first year the payment of School moneys was transferred to me, than during any of the previous years when the payments were made at the office of the Receiver General.

As to the balances at the end of the year 1855, or 1st January, 1856, in the course of an examination of the accounts of my department which Mr. Langton commenced in December 1855, and which was continued in a correspondence between him and Mr. Hodgins (I being absent in Europe) during some two or three months, Mr. Hodgins, in transmitting the accounts for 1855 to the Board of Audit, explained, in a letter addressed to Mr. Langton dated January 26, 1856, the amount and causes of the balances at the end of that year under each of the twelve heads under which the accounts of the department were rendered. I trust the Committee will call for a copy of that statement and explanation. Various questions, requests and answers ensued, which terminated in a letter from Mr. Langton, of which the following is a copy:

“AUDITOR’S OFFICE, TORONTO,

“February 28, 1856.

“SIR,—I have the honour to acknowledge the receipt of your letter of February 16th, received this day with the accompanying vouchers. The explanations and further elucidation of the different items formerly remarked upon are satisfactory, and your balance as finally corrected is £23,248 12s. 2d.

“I may be permitted to remark, that had the audit and approval of the Council of Public Instruction respecting some of these items been, as you say

"they were, "reasonably supposed to be final," there would have been no provision in the Act that I also was to audit your accounts. If they are to come before me at all, I must call your attention to any inaccuracies or deficiencies which I may observe, and the facility with which you have supplied all further information which I required not only proves, what I never doubted, the admirable system which pervades the whole of your department, but also the reasonableness of my demands."

• " (Signed,) "

JOHN LANGTON,
" Auditor."

" J. G. Hodgins, Esquire,
" Deputy Superintendent of Education."

If the explanations then given as to the causes of these balances were not satisfactory to the Board of Audit, I see not why further explanations were not demanded, or a representation not made to the Governor General in Council, that I might have had an opportunity of explanation when the circumstances were fresh. But for the further information of the Committee, I may remark, that in addition to the simple reception and payment of school moneys which has devolved upon the Educational Department of both Upper and Lower Canada before 1857, that of Upper Canada has had charge of the Normal and Model Schools since 1846, of the Grammar School Fund, and of the Depositories for Public Libraries and School Apparatus since 1852. After the passing of the Grammar School Act, in 1853, the payment of the Grammar School Fund was transferred to me. By the supplementary School Act of 1853, a further appropriation of £4,000 was made for Common School purposes—£500 for schools in new and poor townships—£550 for the further support of the Normal and Model Schools—£450 for the *Journal of Education*—£500 for an Educational Museum—and £500 for the relief of worn-out Common School teachers. In another short Grammar and Common School Act, passed in May, 1855, further provision was made for Common Schools in Upper Canada, in addition to which £1,000 per annum was granted for the establishment and support of a Model Grammar School; £250 for the inspection of Grammar Schools; £2,500 for providing Grammar and Common Schools with maps and apparatus; £3,500 (in addition to £3,000 provided by the School Act of 1850) in further aiding in the establishment and extension of Public Libraries; £500 in further support of Superannuated teachers; £350 for two assistant Depository Clerks.

Now the payment and accounting for the expenditure of all these moneys, in addition to the payment of the general grants for grammar and Common Schools, has been devolved on me, apart from the duties imposed upon me by the School Act of 1850, under which I hold office. Several of these grants are payable at the end of each half-year, a short time before which a warrant for them is usually issued in my favour, and they stand as a balance against me on the 1st day of each year, though they are forthwith paid out, as fast as the returns required by law on which they are payable are received. Whether as a positive instruction and uniform practice, these payments have not been made within twenty-four hours after they become payable by law, can be best attested by Thomas Hodgins, Esq., L. L. B., Barrister at Law, who, from 1850 to within a few weeks, has been the auditor of all school accounts, and on whose reports as to their correctness all school moneys have been paid.

Then as to the only one of the above-mentioned grants that I could expend or retain at my own pleasure—the grant of £500 per annum for the Educational

Museum—before the end of 1853 I had arranged to procure specimens of all the minerals which have been collected in Canada, Nova Scotia, and New Brunswick, and I also began to collect specimens of Canadian Natural History. Then in view of the Universal Exhibition at Paris in 1855, I allowed it to accumulate until then, when in the last month of 1855, and the first two months of 1856, I paid for models and objects of art which I had collected in London, Paris, Belgium, Germany, and Italy, not only the amount of the fund in hand, but that which would be payable to it for three or four years thereafter—though the whole of it appeared as a balance against me on the 1st January, 1856.

Again, as to the grant for the Model Grammar School, I got it allowed for 1854, so that by the first of July, 1855, two thousand pounds were in hand to erect the building which was intended at first to be small, not exceeding a cost of £2,000. I got the plans prepared, and at a meeting of the Council of Public Instruction, held the 6th day of June, 1855 (a few days before I left for Europe), the plans were agreed upon, and advertisements for tenders to erect the building were issued. On the opening of the tenders, a fortnight after I left for Europe, it was found that the lowest of them exceeded, by more than one-third, the whole sum provided for the erection of the building, and the Council determined not to proceed until I should return and obtain additional funds—so that the building which I had expected would be erected and paid for in the summer and autumn of 1855, was not proceeded with at all, and the £2,000 provided for that purpose remained unexpended, and formed part of the balances in the bank at the end of the year.

Lastly, as to the larger balances of the Grants for Public Libraries and School Maps and Apparatus. The working of that great branch of the Department was commenced in 1853, and matured in 1855, when I was enabled by a special grant to appropriate one hundred per cent. on amounts raised to purchase maps and apparatus as well as libraries—though by aid of the Library Grant I had previously procured and supplied maps, &c., at cost, without making an appropriation. To procure the supplies of books, maps and apparatus in England and the United States, I required a credit in London of some £2,000 or £3,000, and about the same in New York, and at first a larger credit as the purchases were larger. As the Municipalities did not advance anything until the books were available, I required the whole amount from the Legislative Grants necessary to purchase them. The exact amount required each year could not be calculated in advance until after two or three years' experiment. The sum expended in those importations in 1853, including freight, &c., was £6,967 0s. 10½d.; the sum expended for the same purposes to meet the demands in 1854, was £13,561 7s. 2d. I suppose that at least an equal sum would be required to meet the demands in 1855, and arranged to provide it before leaving for Europe in June of that year; but the demands by local Municipalities and school sections fell off nearly one half that year as compared with those of the preceding year, and declined still further in 1856, but have advanced in 1857 beyond 1854. As it has been a rule to provide supplies only from time to time to meet the demands, a large portion of the library and map and apparatus grants available for 1855 (and which were received by me only as they were payable by law), was not required, but remained as an unexpended balance at the end of the year. But had the demands of Municipalities and school sections for libraries, maps and apparatus in 1855 equalled those in 1854, the sum provided (exclusive of the provision made for the erection of the Model Grammar School Building, and my purchases for the Educational Museum) would not have been sufficient to meet the demands, and keep up the requisite credit in New York and London.

Such is my explanation in regard to the balances at my credit at the Bank at the close of each of the three years during which I established and matured a sys-

tem that has already saved the country many thousands of pounds, and conferred upon it many important advantages. I leave the nature and extent of the work done, from the cost of the grounds and buildings to the completion of the Library and School Map and Apparatus system, to bear witness to the economy and care which have been exercised throughout; I leave the Depositories and Museum to attest whether my travels abroad (needed in 1855 to restore sinking energies), were hours of idle indulgence or of ceaseless application to the objects of my department and the interests of the public; and in view of those facts, in view of the duties imposed upon me by the Act under which I hold office, in view of the large sums of money I have paid and accounted for without the authority of any statute, in view of what I have done and what I have received in comparison with the head of any other Public Department in the country, I respectfully submit to the Committee whether I am not entitled to a much larger compensation than I have yet received. I do not ask for it. It has not been with me to apply for special remuneration for special services; I have labored to the utmost and best I could whether my remuneration was less or more; but when it has been attempted to extract from me the last farthing of a casual advantage granted and withdrawn at the pleasure of the Bank, and to throw suspicions upon provisions made for giving effect to what has cost me immense labor to prepare and establish, and what the Earl of Elgin has termed "the crown and glory of our Institutions," I have felt myself impelled to claim remuneration for what I should never have otherwise mentioned, but which has been liberally granted, in every civilized country, and never refused in Upper Canada, in similar cases.

E. RYERSON.

Education Office,
 Toronto, 25th May, 1858.
 To the Chairman
 of the Committee on Public Accounts.

STATEMENT A.

INTEREST received from the Bank of Upper Canada.

<i>I.—Council of Public Instruction Building Fund Account.</i>				£	s.	d.
1851.						
August 2..	Interest received for the preceding six months.....			43	2	2
December 26..	Do do do			98	12	10
1852.						
June 30..	Do do do			34	10	0
1853.						
January 24..	Do do do			16	12	7
					192	17 7
<i>II.—Legislative Grammar and Common School Grants Account.</i>				£	s.	d.
1853.						
January 17..	Interest received for the preceding six months.....			64	2	0
July 18..	Do do do			4	5	9
1854.						
January 24..	Do do do			48	17	8
July 18..	Do do do			17	0	0
1855.						
January 30..	Do do do			120	8	0
May 31..	Do do do			23	11	0
December 31..	Do do do			165	14	8
Total from 1852 to 1855.....					438	18 8
<i>III.—Other Miscellaneous Accounts and Private Account, including Library Grants from 1853 to 1855.</i>				£	s.	d.
1851.						
May 6..	Interest received for the preceding six months.....			22	15	0
December 26..	Do do do			89	11	6
1852.						
July 7..	Do do do			35	18	3
1853.						
January 27..	Do do do			41	11	0
July 18..	Do do do			42	18	1
1854.						
January 24..	Do do do			108	5	0
July 15..	Do do do			167	0	0
1855.						
January 30..	Do do do			94	5	0
July 30..	Do do do			132	5	0
December 31..	Do do do to Nov., 1855.....			257	13	8
Total from 1851 to 1855					987	2 1
Less—£192 17s. 7d. credited to Building Fund Account ..					1568	18 4
						192 17 7
Balance of interest received.....					1376	0 9

STATEMENT B.

STATEMENT of the Annual Expenditure from 1850 to 1856.

	£	s.	d.	£	s.	d.
Amount expended during 1850.....				7318	5	3
Do do 1851.....				11443	18	4
Do do 1852.....				29547	15	0
Do do 1853.....				38147	11	4
Do do 1854.....				42776	10	5
Do do 1855.....				45956	18	0
Do do 1856.....				56260	2	10
Expended on behalf of the Education Office, from 1850 to 1856.....				5882	4	10
				£237833	6	0
Expenditure, including Education Office, during 1857.....				66826	0	3
				£304159	6	3
Less—Normal School Grant 1850, 1 and 2, at £1500.....	4500	0	0			
Do 1853 to 1856, at £2050.....	8200	0	0			
Education Office, 1850 to 1856.....	5882	4	10			
Expenditure of 1857, including Education Office.....	66826	0	3			
				85408	5	1
				£218751	1	2

C.

(Circular.)

INSPECTOR GENERAL'S DEPARTMENT,

Toronto, 1st January, 1857.

SIR,—By an Order in Council dated 31st December, 1856, it is ordered that when any officer shall be entrusted with money for the public service to be hereafter accounted for, he shall receive a cheque upon the Bank of Upper Canada, on account of which he can only draw by official cheques, which are signed by him in his name of office, and state the purpose for which the cheque is drawn. You are requested to observe this regulation with regard to the sum which is now placed at your credit, and to transfer to the same account any balance which may remain of the sums formerly paid to you under accountable warrants, and to draw for the future only on official cheques, the blanks for which will be furnished by the bank.

I have the honour to be,
Your obedient servant,
(Signed,)

Depy. Insp. Gen.

STATEMENT D.

COMPARATIVE STATEMENT of the Upper Canada proportion of the Legislative School Grants, as per the Public Accounts and Education Office Accounts.

Amount paid to	Public Accounts.	Education Office Account.	Amount granted.	Public Accounts.	Education Office Accounts.
1846.	£ s. d.	£ s. d.	1846.	£ s. d.	£ s. d.
Common Schools.....	20827 2 6	20827 2 6	Grant.....	21000 0 0	21000 0 0
London District Mosas....	24 17 3	24 17 3	Balance.....	444 2 11	479 10 7
Lot No. 3, Sydenham.....	10 0 0	10 0 0			
Village of Sydenham....	Next year.	10 0 0			
London Dis. M. S., St. Thos.	32 3 2	32 3 2			
Johnstown District, M. S.	50 0 0	50 0 0			
Dalhousie District, M. S..	Next year.	25 7 8			
Normal School.....	500 0 0	500 0 0			
	21444 2 11	21479 10 7		21444 2 11	21479 10 7
1847.			1847.		
Balance.....	444 2 11	479 10 7	Grant.....	21000 0 0	21000 0 0
Common Schools.....	20505 19 11	20596 0 8½	Balance.....	1655 10 5	1585 11 3½
Dalhousie District, M. S..	25 7 8	} Last year.			
Village of Sydenham....	10 0 0				
Midland District, M. S....	20 0 0	} Next year.			
Johnstown District, M. S.	50 0 0				
Normal School.....	1600 0 0	1600 0 0			
	22655 10 6	22585 11 3½		22655 10 6	22585 11 3½
1848.			1848.		
Balance.....	1655 10 6	1585 11 3½	Grant.....	21000 0 0	21000 0 0
Common Schools.....	19247 18 0	19247 18 4	Balance of former		
Midland District, M. S....	Last year.	20 0 0	years, if it is to		
Johnstown District, M. S.	Last year.	50 0 0	be included....	1655 10 6	} 2623 9 7½
Midland District, M. S....	25 0 0	} Next year.	*Bal. overdrawn as		
Ottawa Poor School.....	10 0 0		stated in Public		
Arthur Do	10 0 0		Accounts for 1848.	1867 18 0	
Dalhousie District, M. S..	Next year.	20 0 0			
Normal School, from the	} 1707 2 0	} 2700 0 0			
grant of 1848, to					
make up £21,000..					
From grant of 1849.....	*1367 18 0				
	24023 8 6	23623 9 7½		24023 8 6	23623 9 7½

* From this year the Public Accounts reckoned the Normal School year to 31st March, while the Education Office continued to make its accounts up to 31st December. By this means the Normal School Grants are in advance of our account, or £375, being the quarter's instalment of the £1,500 grant.

COMPARATIVE STATEMENT of the Upper Canada proportion of the Legislative School Grants, &c.—(Continued.)

Amount paid to	Public Accounts.	Education Office Accounts.	Amount granted.	Public Accounts.	Education Office Accounts.
1849.	£ s. d.	£ s. d.	1849.	£ s. d.	£ s. d.
Balance supposed to have been so changed to balance the account..	1655 10 6	} 2623 9 7½	Grant.....	21000 0 0	21000 0 0
Additional balance.....	1466 18 0		Balance.....	3151 4 8	2491 6 1½
Common schools.....	18822 16 2	18822 16 6			
Midland Dist. M. S., 1848.	Last year.	25 0 0			
Do do 1849.	25 0 0	Next year.			
Ottawa Poor Schools.....	} Last year.	{ 10 0 0			
Arthur do					
Dalhousie District, M. S..	20 0 0	Last year.			
*Normal School, to 31st March, 1850.....	} 2250 0 0	{ 2000 0 0			
Education Office, to 31st December, 1849.....					
Mount St. Patrick Poor School.....	10 0 0	Next year.			
	24151 4 8	28491 6 1½		24151 4 8	28491 6 1½
1850.	£ s. d.	£ s. d.	1850.	£ s. d.	£ s. d.
Balance.....	3151 4 8	2491 6 1½	Grant.....	21000 0 0	21000 0 0
Common schools.....	18973 12 8	18973 12 10½	Balance.....	4868 0 4	3700 0 0
Midland District, M. S....	} Last year.	{ 25 0 0			
Mount St. Patrick Poor School.....					
Normal School to 31st March, 1851.....	} 2500 0 0	{ 2500 0 0			
Education Office to 31st December, 1850.....					
Libraries.....	500 0 0	500 0 0			
School Architecture.....	200 0 0	200 0 0			
Township of Uxbridge for 1849 and 1850.....	48 3 0	Next year.			
	25368 0 4	24700 0 0		25368 0 4	24700 0 0
1851.	£ s. d.	£ s. d.	1851.	£ s. d.	£ s. d.
Balance.....	4868 0 4	3700 0 0	Grant.....	25000 0 0	25000 0 0
†Common Schools.....	18908 11 0	18983 18 6	Balance.....	2976 11 4	2427 1 6
Tship of Uxbridge 1849 '50	Last year.	43 3 0			
Libraries.....	2000 0 0	2000 0 0			
School Architecture.....	200 0 0	200 0 0			
Nor. Sch. to 31st Dec. 1852	} 2500 0 0	{ 2500 0 0			
Ed. Office to 31st Dec. 1851					
	27976 11 4	27427 1 6		27976 11 4	27427 1 6

* The Education Office charged the Normal School Grant to 31st December of each year, the Public Accounts in this and the preceding year (1848) and following years charged it to the 31st March of each year following their charge.

† During this year the apportionment which the Education Office charged Belleville and Chippawa was not paid; thereby leaving a balance in favor of Upper Canada of £76 7s. 6d. Of this, £21 1s. 6d. was paid Chippawa next year in Receiver General's office.

**COMPARATIVE STATEMENT of the Upper Canada proportion of the Legislative
School Grant, &c.—(Continued.)**

Paid.	Public Accounts.	Educ. Office Accounts.	Granted.	Public Accounts.	Educ. Office Accounts.
1852.	£ s. d.	£ s. d.	1852.	£ s. d.	£ s. d.
Balance.....	2976 11 4	2427 1 6	Grant.....	25000 0 0	25000 0 0
Common Schools.....	18774 18 7	19000 0 0			
Do, Chippawa, 1851.	21 1 6	Last year.			
Normal School.....	2500 0 0	2500 0 0			
Sch. Architecture, '52, '58	400 0 0	Applied for [Jan., 1853.			
		Next year.			
Balance.....	327 8 7	1072 18 6			
	25000 0 0	25000 0 0			
	25000 0 0	25000 0 0		25000 0 0	25000 0 0
1853.			1853.		
Common Schools.....	22750 18 0	22750 18 0	Balance.....	327 8 7	1072 18 6
Normal School.....	2500 0 0	2500 0 0	Grant.....	31000 0 0	31000 0 0
Libraries to end 1854....	9500 0 0	6500 0 0	Balance.....	6873 4 5	2077 14 6
Our Acct. to end 1853 ...	{	See next y'r			
Architecture to end 1853.	Last year.	400 0 0			
Do for 1854.....	200 0 0	Next year.			
Library and Museum for		{ 500 0 0			
1853 and 1854.....	1000 0 0	See next y'r			
Pensions.....	500 0 0	Next year.			
Nor. Sch. & J. of E., 1853	1000 0 0	1000 0 0			
Do, 1st Qr. of 1854 to 31st		Educa. Office			
March.....	250 0 0	y'r e'g Dec. 31			
Poor Schools.....	500 0 0	500 0 0			
	38200 18 0	34150 18 0		38200 18 0	34150 18 0
1854.			1854.		
Balance.....	6873 4 5	2077 14 6	Grant.....	31000 0 0	31000 0 0
Common Schools.....	22726 9 2	22726 9 2	Balance.....	6324 15 1	5504 8 8
Balance of Grant, 1852 ..	225 1 6				
Normal School.....	2500 0 0	2500 0 0			
N. Sch. & J. E. to Mc'h 31.	{ 1000 0 0	{ 1000 0 0			
E. O. to 31st Dec.....					
Libraries, 1853.....	Last year.	8000 0 0			
Do, 1854.....	8000 0 0	3000 0 0			
Pensions, 1853.....	Last year.				
Do, 1854.....	500 0 0	{ 1000 0 0			
Library and Museum....	Last year.	500 0 0			
Poor Schools.....	500 0 0	500 0 0			
Architecture.....	Last year.	200 0 0			
	37324 15 1	36504 8 8		37324 15 1	36504 8 8

COMPARATIVE STATEMENT of the Upper Canada proportion of the Legislative School Grant, &c.—(Continued.)

Paid.	Public Accounts.	Educ. Office Accounts.	Granted.	Public Accounts.	Educ. Office Accounts.
1855.	£ s. d.	£ s. d.	1855.	£ s. d.	£ s. d.
Balance.....	6324 15 1	5504 8 4	Grant of 1854	7500 0 0	7500 0 0
Common Schools.....	24642 10 6	30642 10 6	Proport'n of £50000	25837 17 4	25837 17 4
Additional Grant, 1854 ..	6000 0 0		do £25000	12918 18 8	12918 18 8
Normal School.....	2500 0 0	2500 0 0	*Balance	5510 9 7	4689 18 2
Libraries, Maps, &c., and Clerks	6350 0 0	6350 0 0			
School Architecture	200 0 0	200 0 0			
Nor. Sch. and J. of E.	1000 0 0	1000 0 0			
Provl. Library & Museum.	500 0 0	500 0 0			
Poor Schools	500 0 0	500 0 0			
Supd. Teachers, 1855....	1000 0 0	1500 0 0			
Additional Grant, 1854 ..	500 0 0				
Model Gram. Schs.	1000 0 0	2000 0 0			
Do, for 1854....	1000 0 0				
Gram. Sch. Inspectors ...	250 0 0	250 0 0			
	51767 5 7	50946 14 2		51767 5 7	50946 14 2

BALANCES.

According to Public Accounts.			According to Education Office.		
	£ s. d.	£ s. d.			£ s. d.
Balance overdrawn to 31st March, 1856.....		5510 9 7	*Balance to 31st Dec, 1855.....		4689 18 2
<i>Overcharged in Pub. Accts.</i>			But there was not paid of the amounts we certified to the Inspector General, and charged against Upper Canada, until we examined the Public Accounts, as published since 1846, the sum of		54 8 7
Nor. School, Qr. 1848 (on £1500)	375 0 0		Leaving as our actual Balance		4635 9 7
Do. 1849 (on £1000) ..	250 0 0				
N.S. and J. E., Qr. 1853 (on £1000).....	250 0 0				
The above are for the Quarters ending 31st March, after our Accounts are closed—we close 31st Dec.		875 0 0			
Upper Canada's Balance is		4635 9 7			
			Or £54 8s. 7d. less than shown in the Statement sent by the Auditor of Public Accounts.		

Education Office,
Toronto, 28th April, 1858.

(Supplementary Answer.)

DEPARTMENT OF PUBLIC INSTRUCTION FOR UPPER CANADA.

EDUCATION OFFICE, Toronto, 25th May, 1858.

SIR,—In addition to the statement and explanations which I transmit in reply to the question proposed by the Committee of Public Accounts, I beg herewith to enclose, for the information of the Committee, a memorandum in reference to three entries on page 76 of the printed Public Accounts for 1857. Those entries appear to me to convey an erroneous impression in regard to the receipts and expenditures of this Department.

I also enclose blank forms of cheques and receipts, which have been used for several years, and blank forms of returns from Municipalities, &c., on the filling up and transmission of which the School Grants are paid; also a paper explaining the duties of the Department, and the manner of performing them, in each branch of its work.

Though the Committee might not think it worth while to print these papers I have thought the members of it might be disposed to acquaint themselves with the mode of procedure in financial matters which has been pursued in this Department from the beginning, and which is precisely the same now as in former years, except in the additional work of making out quarterly returns.

I have the honor to be, sir,

A. T. Galt, Esquire, M. P.,

Chairman of Committee on Public Accounts,
Legislative Assembly.

Your obedient servant,

E. RYERSON.

MEMORANDUM on the statement in the Public Accounts of 1857, page 76.

	£	s.	d.	£	s.	d.
Warrant for £6000 (entered in the Public Accounts as follows: "for the support of Common Schools for the quarter ending 31st March, 1857,")						
includes the following amounts received 6th February:						
Grammar School Fund, half year.....	3824	3	3			
Superannuated Teachers, do	500	0	0			
Grammar School Inspectors, do	187	10	0			
Depository Clerks	262	10	0			
Libraries	1225	16	9			
				6000	0	0
Warrant for £33000, received 1st August, thus divided:						
Common Schools	30869	8	6			
Poor Schools	500	0	0			
Separate Schools	1630	11	6			
				33000	0	0
Warrant for £5500, received 1st June.... } £12000						
Do £6500, received 24th October } entered in the Public Accounts as follows: "To meet certain expenses of the Department of Public Instruction, &c., during 1857." They were not to meet certain expenses of the Department, but for the following accounts:						
Libraries (1st June).....	2175	0	0			
Do (24th October)	1790	16	8			
Superannuated Teachers (1st June).....	500	0	0			
Do (24th October)	500	0	0			
Grammar School Fund	4209	3	4			
Museum and Practical Science	700	0	0			
Model Grammar School 1856 and 1857).....	2000	0	0			
Grammar School Inspectors	125	0	0			
				12000	0	0

Education Office, Toronto, 25th May, 1858.

E

Ordered,—That a letter be addressed to the Honorable the Provincial Secretary, enclosing an extract from the above communication, in which reference is made to an Order in Council, passed in relation to a letter addressed by Dr. Ryerson to the Government, on the 29th December, 1856; and that the Provincial Secretary be requested to furnish the Committee with a copy of the Order referred to, and of any correspondence that may have taken place in relation thereto.

On motion of Mr. *Foley*, it was.

Ordered,—That the answer of Dr. Ryerson, and the papers accompanying the same be referred to Mr. *Langton* for such observations as he may have to offer as Auditor General of Accounts; and that he do furnish the Committee with copies of all correspondence bearing upon the question and reply from Dr. Ryerson, especially a letter from Mr. Hodgins, of 26th January, 1856; also, report on Dr. Ryerson's letter of 29th December, 1856.

Mr. *Langton* being in attendance, the following question was put from the Chair :

(By Mr. *Buchanan*.)

Ques. 180. Between 1851 and 1855, had the Government Departments generally, or any of them, any public arrangement to receive interest from the Bank of Upper Canada?—There were some special deposits in the Bank of Upper Canada, and other Banks, bearing interest; but the bulk of the deposits did not bear interest.

Ques. 181. For what sum of money does Dr. Ryerson, as Superintendent of Education, give security? Who are his sureties? and what is the date of their bond?—I will hand in a statement to-morrow.

The Chairman presented the following returns :

From Mr. *Langton*—Statement of Pensioners.

From Mr. *Dickinson*—Statement of balances of Special Funds; also, answer to question 157, stating that he could find no record of the sale of the Oakville Harbor.

From Mr. *Smart*—Statement of affairs of Port Dover Harbor.

Mr. *Hogan* and Mr. *Dubord* presented the following report of the result of their investigation into various accounts with the Department of Public Works, as follows :

The Sub-Committee to whom was referred the investigation of the Accounts of the Board of Works by the General Committee on Public Accounts, beg to make the following reports to the said General Committee :

1st—The Sub-Committee found it necessary, on account of their other engagements, and the extent of the investigations they had to make, to divide their labours, Mr. *Dubord* taking the accounts for Lower Canada, and Mr. *Hogan* those for Upper Canada.

2nd—Mr. *Dubord*, in accordance with this arrangement, procured an account current with Mr. *Baby*, and made the following digest of it, the figures being compared and found correct by both of your Sub-Committee.

3rd—Mr. *Dubord*, also, drew up the following observations and opinions upon the entire account of Mr. Baby; upon the manner in which he did the work he was employed or authorized to do by the Board of Works; upon the charges for the said work; upon the absence of contracts for it; and upon the account and transactions generally with the Government,

All of which your Sub-Committee beg to submit.

H. DUBORD,
J. S. HOGAN.

Toronto, 28th May, 1858.

After an examination of Mr. Baby's account, which cannot be expected to be very minute, as I had not all the papers, I beg to lay the following remarks before the Committee. The amount paid for the different piers below Quebec, exclusive of other accounts which are not before us, is £183,774 10s. 3d. The original sum voted for these works was only £32,000. In my opinion an unjustifiable expenditure to serve some other purpose has been incurred, and I have very little doubt that, after getting the particulars, the Committee will find, at least by the experience I have had after visiting some of the work, that an immense sum might have been saved.

Another item in Mr. Baby's account is the sum paid for Lighthouses, amounting to £81,651 6s. 10d. This amount, placed to the credit of Mr. Baby, does not agree with the particulars or vouchers which I have seen at the Board of Works; but, as those accounts will soon be placed before the Committee, it will be their duty to inquire more strictly into the matter. On examining these accounts at the office of the Board of Works I found, to my great surprise, that they are made in the name of Mr. Gauvreau, the overseer of the works on the part of the Government, and that no copy of the original account has been fyled. I have no hesitation in saying that the price marked for almost every article for the construction of the lighthouses is extravagant, and far above the market price. This work was given to Mr. Baby on condition that for advances and purchases and money furnished for the completion of those lighthouses, he was to receive a commission of ten per cent., it was his duty therefore to place before the Government all the accounts relating to that work. If he has done so, Mr. Gauvreau ought to have fyled the same with his certificates. This mode of performing the Government work is unjustifiable. Mr. Baby not being a practical man, the work has cost far more than it would have done, had it been given out for competition, to experienced men, with good security; and the fact of giving a commission of ten per cent. on goods purchased, and wages paid, might be the cause of such a large expenditure. Another sum of £18,140 for freight on goods, and passage of the engineer to different lighthouses is to be added. This sum will appear to any man conversant with the St. Lawrence, and the rates of freight, to be most exorbitant. On the same account a charge of £225 for supplies, another of £300 paid to French mechanics, another of £4,725 for the loss of the steamer Doris, have been made, making in all a sum of £105,041 6s. 10d., exclusive of other expenses incurred by the Government.

On the same account current, I found that a sum of £302 15s., and another of £720, have been paid to Mr. Baby for conveyance of the Governor. It is left to the Committee to approve or not. I would merely remind them that in former times the Duke of Richmond, Lord Dalhousie, and other Governors, when travelling through the Province, used to take passage with other travellers, without considering that it was at all derogatory to their dignity.

I cannot account for a sum paid in 1854 of £1,320, and in 1855 of £540 for the protection of the fisheries. In 1854, 1855, 1856 and 1857, £3,605 have been paid for emigration service, and £497 10s. for service at Grosse Isle. I cannot find out by what authority these sums were paid.

After recapitulating the sums paid to Mr. Baby from 1854 to 1858 for the services rendered by his steamers, including tug boats, I find that the enormous sum of £82,756 8s. 9d. has been placed to his credit.

Finally, for the road from Canada to New Brunswick, £9,800 has been paid. For Temiscouata, £8,478 has been paid. Upon these sums I cannot make any remarks, although I see in Mr. Fiset's account several sums paid for the same.

During the last day or two I have received Mr. Fiset's account, as well as that of Mr. Pierre Gauvreau. On first appearance they seem to be of a curious nature, but I have not had time to examine them carefully.

H. DUBORD.

On motion of Mr. *Brown* the report was received.

Ordered, That Mr. Dickinson be requested to furnish a statement of all the Expenditure of the Province during the year 1857, under every account, including payments for Railway Companies and Municipal Loan Funds, Public Works, &c.; and also a statement of the gross Receipts of the Province for 1857, whether comprehended under ordinary revenue or derived from the sales of Debentures, or otherwise.

On motion of Mr. *Brown* it was

Ordered, That a return be obtained of all Debentures purchased by Government on account of Special Funds,—the date of each purchase,—the respective parties from whom each purchase was made,—the price paid showing what allowance (if any) was made for the accrued interest.

Ordered, That the Chairman ask leave for the Committee to sit to-morrow.

The Committee then adjourned.

Saturday, 9th May, 1858.

The Committee met pursuant to the call of the Chair.

MEMBERS PRESENT :

A. T. GALT, Esquire, Chairman.

MR. FERRES,
MR. HOGAN,
MR. FOLEY,
MR. CAMERON,
MR. MATTICE,
MR. WHITE,
MR. SIMARD, and
MR. DUBORD.

The minutes of the previous meeting were read and confirmed.

Mr. *Langton* being in attendance, the following question was put from the Chair :

Ques. 182. Will you please to furnish the Committee with such observations as you may wish to offer upon Dr. Ryerson's letter referred to you for report?—I herewith hand in my report to the following effect :

Observations of the Auditor upon the answer of the Chief Superintendent of Schools to a question by the Committee on Public Accounts.

"There are only two points in the answer of the Chief Superintendent, referred to me by the Committee, upon which I desire to make any remark.

"At page 9, the Chief Superintendent, after giving an extract from a letter written by me to the Deputy Superintendent, February 20th, 1856, (the date February 28th in the copy is an error) adds: "If the explanations given as to the causes of the balances were not satisfactory to the Board of Audit, I see not why further explanations were not demanded, or a representation not made to the Governor General in Council, that I might have had an opportunity of explanation when the circumstances were fresh." I desire to remark that the letters which passed between me and Mr. Hodgins had reference only to the vouchers furnished with the accounts of 1855, and not to explanations as to the cause of the balances in hand given by him in his letter of January 26, accompanying the accounts. Upon this subject I reported to the Inspector General as soon as I had audited the accounts, viz., February 12th.

"In a separate letter the Chief Superintendent calls the attention of the Committee to three items in the Public Accounts for 1857, which he thinks are erroneously stated. When the Chief Superintendent applies to the Secretary for a warrant, the application is sent to the Inspector General's Department, and having been reported upon by me is sent back to the Secretary with the Deputy Inspector General's certificate that a warrant may issue to a certain amount. The warrant issues in the Secretary's office, and the Public Accounts are made up from the warrants, with the wording of which the entries in question are strictly in accordance. I may also remark that the warrant for £33,000, and the two warrants which together make up the sum of £12,000, are strictly in accordance with the wording of the Superintendent's own applications, which I herewith submit."

The Committee thereupon referred to the documents submitted, and the application for £33,000 was found as stated by the auditor. The applications for £12,000 for expenses of the Department they found to be accompanied with statements in detail of the manner in which the funds were to be applied.

Mr. *Langton* also handed in copies of the following correspondence bearing upon the question and reply of Dr. Ryerson, as ordered by the Committee:—

AUDITOR'S OFFICE,

Toronto, 31st December, 1855.

SIR,—With respect to the application of the Superintendent of Education, Canada West, for the issue of warrants quarterly, in advance, on account of certain annual appropriations, upon the ground that he has been requested by me to furnish quarterly accounts of his expenditure, I beg leave to report :

That the issue of warrants quarterly instead of annually would have its convenience when the accounts of expenditure are rendered quarterly; but the only ground upon which warrants can be asked for in advance is, that there is not other-

wise a probability of there being funds in hand to meet the current expenditure. Upon a reference, however, to the Superintendent's accounts in abstract, for the year 1854, appended to the balance sheet of January 1, 1855, furnished to this office, it would appear that there were the following balances in hand for each head of expenditure, at the dates January 1, 1854 and 1855, respectively :

	1854.			1855.		
Common Schools...	£484	3	11*	£667	9	0
Poor and New Townships	500	0	0	608	15	0
Normal School (current expenses)	1742	2	6	1980	5	4
Normal School Building Fund	1294	18	1	645	6	10
School Libraries	7460	6	3	2174	8	11
Superannuated Teachers	500	0	0	233	17	6
Provincial Library and Museum	1000	0	0	925	12	1
Architecture, &c.	331	15	11	331	14	11
Journal of Education	83	17	0	132	9	10
Grammar Schools	0	0	0	1136	5	3
Total.....	£13347	1	8	8836	6	3

Unless, therefore, it should appear by his accounts for the current year, that the expenditure has approached much nearer to the amount appropriated, there can be no reason for any advance to the Superintendent of Education.

The most convenient way of dealing with this and other similar departments or institutions would be, that with the accounts for the past quarter an estimate of the probable expenditure under each head for the succeeding quarter should be sent in. A warrant might then issue for such portion of the estimate as was not covered by the balance in hand.

It does not, however, appear necessary or advisable that separate warrants should issue under each distinct head, calculated as above upon a comparison of the estimate and balance in hand, as if each were a special fund.

Whilst the Superintendent regulates his expenditure according to the sums in each case severally mentioned in the Acts, the issue of public money need only be for the difference between the aggregate estimates and the aggregate balance in hand.

I have the honor to be,

Your obedient servant,

The Hon. Wm. Cayley,
Inspector General.

(Signed)

JOHN LANGTON,
Auditor.

Letter from J. George Hodgins, Esq., Deputy Superintendent of Education, C. W., to John Langton, Esq., Auditor of Public Accounts, dated Toronto, 26th January, 1856.

SIR,—I have the honor to transmit herewith the accounts for 1855, of the receipts and expenditure of all the moneys entrusted to this Department of the Legislature, accompanied by a separate voucher for every payment.

In transmitting these accounts for the first time to the new Board of Audit, it may be proper for me, on behalf of the Chief Superintendent of Schools, briefly to refer to the accounts separately, and to report as required by law, upon the state of progress of each particular branch of public service entrusted to this department.

* This is the Balance June 30, 1854.

I. THE LEGISLATIVE SCHOOL GRANT.

The total amount of the Legislative School Grant appropriated in aid of the Public Common Schools of Upper Canada for 1855 was £25,142 10s. 6d. This sum was subdivided and applied as follows :

1. In aid of Common Schools in Counties, Cities, Towns and Villages	£23,917	14	9
2. In aid of Common Schools in new and poor Townships	500	0	0
3. In aid of Roman Catholic Separate Schools	724	15	9

In addition there were the following sums, balances for the year 1854 :

1. From the Legislative School Grant....	£667	9	6	
2. From the Poor School Grant.....	608	15	0	
				1,274 4 6
3. Amount yet to be appropriated from the £7,500 extra Grant of 1855.....				6,000 0 0
				<u>£82,418 15 0</u>

Of this sum there was paid in 1855, as per accompanying vouchers :

1. In aid of Common Schools.....	£23,561	14	9	
2. In aid of Poor Schools.....	372	0	0	
3. In aid of Roman Catholic Separate Schools	244	5	5	
				<u>24,178 0 1</u>

Leaving a balance at end of the year of..... £8,240 14 10

A considerable amount of this balance will likely be paid during the present month, as the necessary returns are sent in.

The law requires that each County, City, Town or Village receiving an apportionment from this fund, shall raise by assessment a sum at least equal (clear of all charges for collection) to the share of the School Grant apportioned to it, "and that in case any Municipality should raise a less sum than that apportioned to it, the Chief Superintendent of Schools shall deduct a sum equal to the deficiency from the apportionment of the following year." See 40th section of the School Act of 1850. Several sums have been forfeited under this provision of the law in former years; but as the returns of the County Auditors for last year are not due at this office until March next, I am unable to state whether the conditions of the law have been complied with during 1855 or not. I may remark that these conditions do not apply to the moneys apportioned to the Roman Catholic Separate Schools, nor to those specially granted to the Schools in new and poor Townships; although no aid is given to this class of Schools unless upon the report and recommendation of a local Superintendent, and unless it appears that every effort has been made to sustain the schools from local sources.

Since the payment of the school grant to the different Municipalities has been transferred to this Department (with great benefit to the school system) a good deal of correspondence has taken place with the various municipalities on the subject of accounting promptly and in full for the local expenditure of the school fund. Forms of returns and accounts (with the necessary instructions) have been provided, and every effort has been made to induce the various municipalities to adopt a more uniform and satisfactory mode of accounting for the expenditure of this fund than previously existed. I am happy to state that the efforts of the Department have been in a great measure successful, and that a better system has been gradually introduced.

The number of schools aided from the school grant in 1854 (the returns of 1855 are not yet due) was 3244. Of these 3200 were Common Schools, and 44 Roman Catholic Separate Schools. The amount raised by municipal assessment as an equivalent to the Legislative School Grant to Common Schools,

was	£32,697	7	7
By Trustees and Township Councils as free school rates.....	51,984	3	2
Rate Bills and Subscriptions	35,899	8	5
For Rent, Repairs, and Building	28,827	17	11
Libraries, Maps, and Apparatus	15,040	1	10
Legislative School Grant for 1854	22,622	13	7

Or a Grand Total of.....£187,371 12 6
expended for the support of the Common Schools alone during that year. The return for 1855 will no doubt exhibit an increase even on this very large amount, already so creditable to the educational zeal and intelligence of the people of Upper Canada.

II. THE NORMAL AND MODEL SCHOOLS' FUND.

The warrants issued in favor of the Normal and Model Schools during 1855 were as follows :

1. Salaries and Contingencies	£1,500	0	0
2. Weekly aid to Students.....	1,000	0	0
3. Proportion of Special Grant.....	550	0	0
		3,050	0 0
4. Fees received from Model Schools, &c.....		546	0 0
The Balance from 1854 was		1,980	5 4
		£5,576	12 3

The expenditures for 1855, as per accompanying vouchers (which after examination you will please return, as agreed upon), were

	3,400	3	3
--	-------	---	---

Balance	£2,176	9	0
---------------	--------	---	---

The number of Students which have been admitted into this institution since its establishment in 1847 to the close of 1855 was 1,476. At the commencement of the 15th Session, in November last, 144 applied for admission, most of whom were entered as students after due examination. In addition to the teachers in training in the Normal School, there are 400 pupils (200 boys and 200 girls) who regularly receive instruction in the Model Schools.

III. PUBLIC LIBRARIES, MAPS, AND APPARATUS FUND.

In addition to the warrants issued on behalf of this service in 1855, and the balance reported at the close of 1854, there was received at the Department from Trustees and Municipalities, for the purchase of Library Books, Text Books, Maps, and Apparatus, the sum of.....

.....	£2,695	6	6
The Warrants amounted to	6,000	0	0
Other receipts to.....	178	10	5
Balance from 1854	2,174	8	11
	£11,043	5	10
The expenditure, as per accompanying voucher, was	8,094	12	10

Balance at the close of 1855.....	£2,948	13	0
-----------------------------------	--------	----	---

As payments from this fund are being made from day to day, a considerable balance must always be retained, in order to meet such engagements.

The number of libraries sent out up to the close of 1855 was 195, containing 117,295 volumes, classified under the following heads :

History	20,266	Practical Agriculture....	5,494
Zoology	9,187	Manufactures	5,705
Botany	1,635	Modern Literature.....	11,109
Natural Phenomena, &c...	3,636	Ancient Literature.....	710
Physical Sciences.....	2,540	Voyages and Travels	8,417
Geology, &c.	1,070	Biography	12,391
Natural Philosophy	1,823	Tales and Sketches.....	30,534
Agricultural Chemistry...	589	Teachers' Library.....	1,218
Chemistry.....	968		

These Libraries have been despatched to every County in the Province, except two, and are exerting a highly beneficial influence throughout Upper Canada.

IV. SUPERANNUATED COMMON SCHOOL TEACHERS' FUND.

The receipts under this head for 1855 were as follows :

Balance from 1854	£233	17	6
Warrants	1,500	0	0
Subscriptions from Teachers	88	15	0
			£1,822 12 6

The payments as per accompanying vouchers were 1,406 18 0

Leaving a balance of £415 14 6

During 1855, 32 additional pensioners were admitted on this fund by the Council of Public Instruction, making a total of 76. Of this number, three were reported as having died in 1854, and four in 1855. The average age and length of service as Common School Teachers in Upper Canada of these pensioners, at the close of 1855, is as follows :

Average age of each Pensioner 65½ years.

Average length of service 23 years.

It may be gratifying to know that, in addition to performing an appropriate act of justice to so worthy a class of men, the existence of this fund is already exerting a good influence among teachers generally, and will contribute very materially in elevating and rendering permanent a profession hitherto not often followed only until some better employment presented itself.

V. PROVINCIAL LIBRARY AND MUSEUM FUND.

The warrant issued on behalf of this service during 1855, was for... £500 0 0

And the balance available from 1854, was..... 925 0 0

Total.....£1,425 0 0

In addition to the payment of £116 13s. 9d., as per accompanying vouchers, the Chief Superintendent has expended the balance in Europe, as recently reported to His Excellency. The vouchers, although on their way to Canada, have not yet reached the Department. They will be transmitted with the next accounts.

VI. SCHOOL ARCHITECTURE AND PRACTICAL SCIENCE FUND.

There was no expenditure under this head for 1855, but a series of plans are in preparation, the cost of which will be defrayed out of this grant. The Chief Superintendent has also made some purchases in Europe for this service, the vouchers for which have not yet reached Toronto.

VII. JOURNAL OF EDUCATION FUND.

The balance of this fund, reported at the close of 1854, was	£132	9	10
Subscriptions received in 1855.....	41	7	6
Proportion of warrant for this service.....	450	0	0
			<hr/>
			623 17 4
The expenditure for 1855, as per accompanying vouchers, amounted to	520	18	3
			<hr/>
Balance.....	£102	19	1

The Journal of Education has been, by His Excellency the Governor General in Council, constituted the official medium of communication from this department to trustees and school officers throughout Upper Canada. About 4,000 copies are published monthly; and a copy despatched to each of the trustee corporations in the rural school sections; to the Boards of Common School Trustees in cities, towns and villages; to the Boards of Grammar School Trustees; to local Superintendents of Townships, cities, towns and villages, and to the Trustees of the Protestant, Roman Catholic and colored separate Schools.

VIII. MODEL GRAMMAR SCHOOL FUND.

As this fund has not accumulated sufficiently to enable the Council of Public Instruction to erect the necessary buildings for the model Grammar School in connection with the Normal School Buildings, no expenditure has taken place from the fund, except the payment of £20 to one of the examiners of Grammar School Teachers as authorised by law. The voucher for this payment is transmitted herewith.

The plans for the Model Grammar School have been prepared and were approved by the Council, but the state of the fund did not warrant the erection of the building. It is hoped, however, that in the course of this year steps will be taken for this purpose as originally contemplated.

IX. GRAMMAR SCHOOL INSPECTORS' FUND.

The income and expenditure of this Fund for 1855 are equal—£250. During the year the 60 Grammar Schools of Upper Canada were inspected by the Masters of the Normal School, who were specially appointed to perform this duty during the Normal School vacations by the Council of Public Instruction. These gentlemen also perform the duty of examiners of Grammar School Masters, and the allowance which they receive for that service is included in the payments of this fund. The vouchers are transmitted herewith.

X. GRAMMAR SCHOOL FUND.

The receipts and expenditure of this Fund are as follows:

<i>Receipts.</i>			
Balance from 1854.....	1,136	5	3
Warrants for 1855	7,483	10	0
			<hr/>
			8,619 15 3
<i>Payments.</i>			
Half-yearly payments, as per accompanying vouchers.....	3,668	8	3
			<hr/>
Balance	£4,951	7	0

This balance will be nearly all paid out during the present month, according as the returns from the several Grammar Schools are sent in to the Department.

XI. SPECIAL GRANT FOR THE ERECTION OF THE NORMAL SCHOOL BUILDINGS.

A balance of this special Grant yet remains unexpended. The only payment during 1855 was for £53 18s., the voucher for which is transmitted, and which I will thank you to return. It is expected, however, that during the present year the remainder of this fund will be absorbed in completing some of the necessary fittings of the building in the manner originally intended.

XII. DEPARTMENTAL MEMORANDA.

In regard to the operations of the Department itself, I may remark that during the year 1855,

The number of letters received at the Office was 5,338
The number of letters sent out was 8,964

together with a great number of circulars, forms of returns, &c. &c., to lessen the labors of trustees and others and facilitate the working of the School system. In addition I may remark that the following documents were prepared and sent out during 1855.

(1.) *Journal of Education.* See No. VII.

(2.) *The School Register*, for recording the attendance, recitations and deportment of pupils; furnished to each of the Grammar, Common and Separate Schools in Upper Canada. Total, about 3500 copies. The Registers are sent annually to the County Clerks for gratuitous distribution, through the local Superintendents.

(3.) *The Trustees' Half Yearly Report* is sent every six months through the Local Superintendent, to the Trustees of each School Section. Those for the Grammar Schools and the Roman Catholic Separate Schools are sent direct from the Department. Total sent out annually, 7,000 copies.

(4.) *The Trustees' Annual Report* is sent annually through the Local Superintendents, to each of the Trustee Corporations in the several School Sections. Total, about 3,500 copies.

(5.) *The Annual Reports* from which the Chief Superintendent's Annual Report is compiled are sent to the Local Superintendents and Boards of Common School Trustees and Boards of Grammar School Trustees. Total number sent out annually 600 copies.

(6.) *Auditors, Treasurers and Sub-Treasurers' Returns* of the receipt and expenditure of the School Fund in the various Municipalities of Upper Canada, are sent to about 450 of these officers, to be filled up and returned.

(7.) *The Chief Superintendent's Annual Report* to His Excellency the Governor General, printed by order of the House of Assembly, is also sent to each of the rural Trustee Corporations; to Boards of Common School Trustees in Cities, Towns and Villages; to Boards of Grammar School Trustees; to Boards of Public Instruction; to Local Superintendents and to Separate School Trustees besides copies to other parties. Total number sent out annually about 4,000 copies.

(8.) *Various Forms.* Forms are also sent from time to time to Superannuated Teachers, Trustees, (for Maps, &c.) Normal School Students, &c., as before intimated.

RECAPITULATION.

Total number of copies prepared or printed and sent out annually from the the Educational Department for Upper Canada,

1. Journal of Education.....	4,000
2. School Registers.....	3,500
3. Half Yearly Reports.....	7,000
4. Trustees' Annual Reports.....	3,500
5. Annual Reports.....	600
6. Auditors and Treasurers' Returns.....	450
7. Chief Superintendent's Report.....	4,000
8. Various Forms	700
9. Letters sent and received.....	9,302
10. Circulars about	250

Grand Total..... 38,802

The following is a list of the Statements and Vouchers which accompany this letter :

STATEMENTS.

1. Warrants received during 1855 and how appropriated.
2. Summary of the receipts and expenditure of the Legislative School Grant to Upper Canada for 1855.
3. Summary of the receipts and expenditure of the Fund in aid of Common Schools in new and poor townships for 1855.
4. Summary of the current receipts and expenditure on account of the Normal and Model Schools, Toronto, for 1855.
5. Receipts and expenditure of the special fund for building and furnishing the Normal and Model Schools for 1855.
6. Summary of the receipts and expenditure on account of Public School Libraries, maps and apparatus, for 1855.
7. Summary of the receipts and expenditure of the Upper Canada Superannuated Common School Teachers' Fund, for 1855.
8. Summary of the receipts and expenditure on account of the Provincial Library and Museum, for 1855.
9. Receipts of the fund for the promotion of School Architecture and Practical Science, for 1855.
10. Summary of the receipts and expenditure of the Upper Canada Journal of Education Fund, for 1855.
11. Summary of the receipts and expenditure of the Upper Canada Grammar School Fund, for 1855.
12. Receipts and expenditure on account of the Model Grammar School and the Grammar School Inspectors and Examiners, for 1856.
13. Balance sheet—31st December, 1855.

SCHEDULE OF VOUCHERS.

A. List of Vouchers sent herewith for payments to poor schools, as per statement No. 3.

B. List of Vouchers sent herewith for payment on account of the current expenses of the Normal and Model Schools, as per statement No. 4.

C. List of the accompanying vouchers for payments on account of Public School Libraries, maps and apparatus, per statement No. 6.

D. List of the accompanying vouchers for payments to superannuated teachers, as per statement No. 7.

E. List of the accompanying vouchers for payments on account of the Provincial Library and Museum, as per statement No. 8.

F. List of the accompanying vouchers for payments on account of the Journal of Education, as per statement No. 10.

I have the honor to be, Sir,

Your obedient servant,

(Signed,)

J. GEORGE HODGINS,

Deputy Superintendent.

AUDITOR'S OFFICE,

Toronto, 12th February, 1856.

SIR,—Upon the occasion of an application by the Chief Superintendent of Education to have his appropriations paid quarterly in advance, which was sent to me for a report, I had the honor to submit a comparative statement of the balances which the Superintendent had on hand on the 1st January, 1854 and 1855, applicable to the several purposes of his Department.

Having audited his accounts for the past year, I now submit a similar statement for 1st January, 1856, shewing also the total amount of receipts and expenditure during the preceding year, under the different heads. To this statement I have appended some remarks, showing that there are not balances casually remaining on hand at the end of the year, and soon to be expended; but that they are permanent features of the account, large balances always lying idle for long periods.

STATEMENT of the Account of the Superintendent of Education.

Balance January, 1855.	Receipts, 1855.	Total	Nature of Account.	Expended in 1855.	Balance December, 1855.	Total.
£ s. d.	£ s. d.	£ s. d.		£ s. d.	£ s. d.	£ s. d.
667 10 0	30442 10 0	31310 0 0	(1) Legislative School Grant	28806 0 2	7503 19 10	31310 0 0
608 15 0	500 0 0	1108 15 0	(2) Schools in Poor Townships	372 0 0	736 15 0	1108 15 0
1980 5 4	3596 6 11	5576 12 3	(3) Normal and Model School current account	3399 7 9	2177 4 6	5576 12 3
645 6 10	.....	645 6 10	(4) Normal and Model School building account	58 18 9	591 8 10	645 6 10
2174 8 11	8868 16 11	11045 5 10	(5) Public and School Libraries	8094 12 10	2968 13 0	11045 5 10
233 17 6	1588 15 0	1822 12 6	(6) Superannuated Teachers	1406 8 0	416 4 6	1822 12 6
925 12 2	500 0 0	1425 12 2	(7) Provincial Library and Museum	116 15 9	1308 16 5	1425 12 2
331 15 11	200 0 0	531 15 11	(8) School Architecture .....	.....	531 15 11	531 15 11
132 9 10	491 7 6	623 17 4	(9) Journal of Education	520 18 3	103 19 1	623 17 4
1136 5 3	7483 10 0	8619 15 3	(10) Grammar School Fund	3668 8 3	4951 7 0	8619 15 3
.....	2250 0 0	2250 0 0	(11) Model Grammar School	270 0 0	1980 0 0	2250 0 0
£8886 6 3	56121 6 10	64957 12 1	£	41708 9 0	23249 4 1	64957 12 1

It will be observed that in every instance the receipts for the year have exceeded the expenditures, except in 4 and 9, where the balances at the beginning of the year have been drawn upon for something less than £100.

(1.) Of the £667 9s. 6d. remaining over from the appropriation for 1854, only £107 1s. 11d. has been paid up to the present time, and nearly all of that in December. The appropriation for last year of £24,642 10s. 6d. was received May 28, and no part of it was paid out until July 10th, and nearly £1000 during the last quarter; only £943 12s. 3d. remaining still on hand. Out of the amount of £7,500 issued March 9th, £6,000 was reserved for the Common Schools, but no part of it was ever appropriated, and it remains on hand still and will so remain until July next.

(2.) The balance of £608 15s. for the aid of Common Schools in poor Townships has remained untouched for the whole year, and of the £500 additional, received June 30, only £372 was paid out, and the whole of that during the last month. These are certainly only small sums, but when it is considered that the object of the grant was to aid those poor Townships which otherwise could not support a school, it appears to me exceedingly objectionable that the object should be defeated by allowing the balance to accumulate in the Superintendent's hands.

(3.) The balance of the £1,980 5s. 4d. in hand at the beginning of the year has remained untouched until the end, as other receipts more than met the expenditure. The proportion of quarter's warrant for £875, applicable to this purpose, £762 10s. paid in advance was more than enough to cover the quarter's expenditure till towards the end of the year, but to meet the latter excess there are receipts from other sources.

(4.) Of the balance of this fund £645 6s. 10d., only £53 18s. was expended during the year.

(5.) The year commenced with a balance of £2,174 8s. 11d., and payments to the extent of upwards of £4,000 were made up to June 30, when a further sum of £6,000 was received, being the only instance where the balance in hand seems to have been required, the surplus being probably met by other receipts amounting to £2,868 16s., of the dates of which I have no account.

(6.) At the commencement of the year there was a balance of £233 17s. 6d., further increased in March by £500, and no payments were made till July, after a further sum of £1000 had been received.

(7.) The balance in January was £925 12s. 2d., to which was added £500 in June, but during the whole year only £116 15s. 9d. has been expended, but it is stated that the balance has been exhausted, though the receipts have not yet arrived from England.

(8.) No expenditure has taken place during the year either of the balance with which it was commenced or £200 received from the Government in June, but it is stated that the Chief Superintendent is now expending it in England.

(10.) Out of the balance of £1,136 5s. 3d. at the beginning of the year, only £194 12s. 9d. had been expended up to the receipt of the new warrant in May, and a balance remains now of nearly £5000.

(11.) The appropriation for Grammar School Superintendents has been expended for that purpose—£250—but of £1000 balance and £1000 received in June, only £20 has been spent. It is remarked in the report of the Deputy Superintendent that the fund has not yet increased sufficiently to enable the buildings to be commenced, but if the intention is that the annual grant should continue until by accumulation it has become sufficient for the purpose, it should either not have been drawn from the Receiver General, or it should have been invested in debentures bearing interest.

With a further view of showing the permanence of the balance in hand, I have drawn out a statement of the balances each month. I have not aimed at extreme accuracy, which in this case would have been impossible, as the account rendered with the vouchers is only in abstract, and I have no knowledge of the

dates of any receipts except of those on warrants, and an imperfect one of the dates of payments, as the vouchers only show the date of the receipt. Still, the following balances are approximately true, and I think the error is always within £100 or £200 and understated.

Balance in hand 1st January, 1855	£ 8836	6	3
Do February, "	8900	0	0
Do March, "	8100	0	0
Do April, "	14500	0	0
Do May, "	13800	0	0
Do June, "	45000	0	0
Do July, "	53900	0	0
Do August, "	30400	0	0
Do September, "	26600	0	0
Do October, "	24900	0	0
Do November, "	23200	0	0
Do December, "	22900	0	0
Do January, 1856	20000	0	0

I must remark that in these balances there is not included the sum of £3,544 received during the year from various sources, but respecting the dates of which I have no information, by which sum the late balances at any rate should be increased, for £1840, which the Chief Superintendent is said to have spent or to be spending, in England; nor £350 received in June and said in a note to have been expended in clerks' wages, but no account kept—in all about £2200, which may have to be deducted from the late balances.

I have the honor to be,

Your obedient servant,

(Signed,)

JOHN LANGTON,

Auditor.

The Hon. Wm. Cayley,
Inspector General.

AUDITOR'S OFFICE, TORONTO,

11th April, 1856.

SIR,—A large sum of public money has been for some time lying in the Bank of Upper Canada in the name of Dr. E. Ryerson. Can you inform me whether interest has been allowed upon it, and if so to what amount.

I have the honor to be,

Your obedient servant,

(Signed,)

JOHN LANGTON,

Auditor.

T. G. Ridout, Esquire,
Cashier, B. U. C.

BANK OF UPPER CANADA,

Toronto, 14th April, 1856.

SIR,—In compliance with the request contained in your letter of the 11th instant, I have the honor to enclose a statement of the sums allowed by this Bank for interest on the Public Accounts of the Rev. Dr. Ryerson as Superintendent of Education, &c., in this Province, since the year 1851 to the 31st December, 1855.

I have the honor to be, Sir,

Your obedient servant,

THOS. G. RIDOUT,

Cashier.

John Langton, Esquire,
Auditor Public Accounts,
Toronto.

STATEMENT shewing the amount of Interest credited to the accounts of the Rev.
E. Ryerson with the Bank of Upper Canada.

Rev. E. Ryerson, Chief Superintendent Education, Account.

May	8th, 1851	£ 22 15 0
December	26th, "	89 11 6
July	23rd, 1852	85 18 8
December	18th, "	42 18 1
January	24th, 1854	103 5 0
July	13th, "	167 0 0
January	30th, 1855	94 5 0
June	30th, "	132 5 0
December	21st, "	257 13 8
		<hr/> £895 11 1

Rev. E. Ryerson, Council of Public Instruction Account.

May	6th, 1851	43 2 2
December	26th, "	98 12 10
July	23rd, 1852	84 10 0
January	24th, 1854	16 12 7
		<hr/> £192 17 7

January 27th, 1854, Account closed, and Balance transferred to the Reverend
E. Ryerson, Chief Superintendent of Education, Account.

Rev. E. Ryerson, Legislative School Grant Account.

January	27th, 1853	£ 64 2 0
July	13th, "	4 5 9
January	24th, 1854	48 17 8
July	13th, "	17 0 0
January	30th, 1855	120 8 0
June	30th, "	28 11 0
December	31st, "	165 14 8
		<hr/> £438 18 8

(Signed,) THOS. G. RIDOUT,
Cashier.

Bank of Upper Canada,
Toronto, 14th April, 1856.

AUDITOR'S OFFICE,

Toronto, 18th April, 1856.

SIR,—Upon enquiry at the Bank of Upper Canada, I find that since May 1st, 1851, the sum of £895 11s. 1d. has been credited to your account as Chief Superintendent of Education, as interest upon the moneys deposited in that account.—That from the same date the sum of £192 17s. 7d. has been credited to your account for the Board of Public Instruction, as interest. And that from Jan. 27, 1853, the sum of £438 8s. 8d. has been credited to your account for the Legislative School Grant, as interest. Making altogether the sum of £1572 7s. 4d. I do not find that in the years 1854 and 1855 you have given any credit for sums so received

by you as interest. To the accounts of 1851, 1852, and 1853, I have not at present access. I have brought the subject under the notice of the Inspector General, and am instructed by him to call upon you to account for the amount received by you as interest upon public money lying in your hands.

I have the honor to be,

Your obedient servant,
(Signed,) JOHN LANGTON,
Auditor.

The Reverend Dr. Ryerson,
Superintendent of Education.

Extract from a letter dated 25th June, 1856, from the Auditor to the Superintendent of Schools respecting his accounts for the quarter ending March 31st.

The balance of cash in hand should also, according to the rules agreed to by a Minute of the Board of Audit, be vouched for; and this balance will require to be corrected. In my letter of April 13th, I called your attention to the amount of £1527 7s. 4d., which had been credited to your official accounts at the Bank of Upper Canada, and stated that I had been directed by the Inspector General to call upon you to account for that amount. The balance as corrected will therefore be £16,759 3s. 10d., for which you should send me vouchers, either for the manner in which it has been disposed of, or for the cash in hand. I think I understood you, in our conversations upon the subject, to say that part of this interest had been credited to the Normal School. You should shew how it is to be apportioned among the several funds.

Extract from a letter from the Auditor to the Superintendent of Schools, dated 3rd October, 1856, respecting his accounts for the quarter ending June 30th.

I observe also that you take no notice of the sum of £1527 7s. 4d., received by you as interest upon the public moneys in your hands, and which undoubtedly belongs to the Province. You still stand charged with that amount in my books.

Extract from a letter from the Chief Superintendent of Schools to the Auditor dated 10th October, 1856, in answer to the letter of the Auditor of October 3rd.

The other part of your letter will be the subject of a distinct communication.

Extract from a letter from the Auditor to the Chief Superintendent of Schools, dated 4th December, 1856, respecting his accounts for the quarter ending 30th September.

I observe that you take no notice of the sum of £1527 7s. 4d., with which you stand charged in my books as interest received by you on public moneys in your hand.

Extract from a letter from the Chief Superintendent of Schools to the Auditor, dated 18th December, 1856, in answer to the letter of the Auditor, dated 4th December.

I am about addressing a letter to the Government on the subject to which you refer in the last paragraph of your letter.

AUDITOR'S OFFICE,
Toronto, 2nd January, 1857.

SIR,—I have the honor to submit some remarks upon the letter of the Chief Superintendent of Schools, dated 29th December, respecting the sums received by him as interest on public moneys entrusted to him, which you referred to me for report.

The reasons which are advanced by the Chief Superintendent against his being liable for the amount with which I have charged him, are shortly these :

That he has accounted for part of that amount.

That he has received no other remuneration for the responsibility of expending a large sum of public money, except the interest incidentally allowed to him by the Bank on unexpended balances.

That he has a right to derive such advantage as long as he accounts for the money actually paid to him.

(1.) I am willing to accept the statement of Dr. Ryerson, that the sum of £192 17s. 7d., received as interest, with the cognizance, and at the instigation of the Board of Public Instruction, was duly placed to the credit of the Normal School Building fund. The fact can easily be verified by an inspection of the books for the years 1851, 1852, and 1853, and to that extent he will have answered the call which I made upon him in April last, to account for the money so by him received. But I had no means of knowing the fact, as Dr. Ryerson is in error in saying that "I thought proper to investigate his official accounts of school grants since 1846." The investigation to which he alludes merely related to the sums received by him from the Government, which was rendered necessary in consequence of its appearing that he had received much more than he was entitled to by the several Acts of Parliament, and much more than the equivalent amount paid to Lower Canada. No account of his expenditure, or his receipts from other sources, has come before me prior to 1854. I therefore called upon him to account for the whole amount which the Cashier of the Bank of Upper Canada reported that he had paid him for interest, and I will verify the explanation which he gives of the sum of £192 17s. 7d.; with regard to the remainder, upwards of £1,300, he does not profess to have given the Province the benefit of it.

(2.) It forms no part of my duty to offer any opinion upon the value of Dr. Ryerson's services to the country, and the adequacy of his salary as a remuneration for them; or upon his argument that the management of the expenditure being extra official, and not imposed upon him by the law under which he holds office, he is entitled to compensation for the labor it imposes on him. I would merely submit a statement of the profit derived by him from the unexpended balances in the several years, viz. :

In 1851.....	£ 62	6	6
1852.....	141	11	3
1853.....	194	6	6
1854.....	398	13	0
1855.....	953	6	7

And I feel called upon to offer an opinion that such a mode of remuneration, if sanctioned, would be fatal for the proper accountability of officers entrusted with the expenditure of public money.

(3.) Dr. Ryerson claims the right to deposit the public money paid to him, where and on what terms he thinks fit, and to retain for his own use any profit which he may derive from the investment, upon the grounds that he has given security for the due accounting for the money paid to him by the Government, and that he can be called upon for no account of any other. In paragraph (7) he even asserts that it is only a small portion of the grant for which he is required to account at all; with regard to the latter claim, I conceive that no legal enactment is necessary to make any person responsible for money entrusted to him, and if it be it is supplied by the Audit Act. As to the former, I believe that in the earlier days of the Province, the principle was acted upon by the Receiver General and others, that it was a fertile source of defalcations, and has long since been discontinued. If the principle were once admitted it would be

certain to lead to ruinous consequences; for if a public servant is allowed to put money out at interest, the same argument would entitle him to speculate with it in any other way. Even if the capital were not risked, and the security ample, (in Dr. Ryerson's case, it is only £2000 for himself, and £1000 each for two sureties), still a constant inducement would be held out to draw from the Provincial chest more than was wanted for the public service, and to delay expending it for the purposes for which it was granted. The tendency of such a system is forcibly illustrated by the gradual growth of the balances in the Superintendent's hands from 1851, when the practice was first begun, till the end of 1855. The balance on which he received interest in the first half of 1851, appears to have been £1,578, exclusive of that belonging to the building fund; and it constantly increased, till in the last half of 1855 it had reached £28,235.

Even in such cases as that of the Normal School Building Fund, if the money were not wanted, it would be much better that it should be left in the hands of the Receiver General, by whom it could, if necessary, be placed at interest, but when in the similar instance of the Model Grammar School, it was judged expedient that the annual grant should accumulate, the interest allowed by the Bank has not been added to the fund.

The Superintendent explains why the balances of other appropriations remained unemployed, and the reasons assigned may be very sufficient for delaying the expenditure, but they cannot be valid for withdrawing the money from the Provincial chest to be placed at interest for the private benefit of the Superintendent. With regard to the smaller appropriations, the annual grant has been drawn, and sometimes in advance, although the balance in hand was sufficient to meet the expenditure; and the unemployed balances have been constantly increasing up to the commencement of the present year. As to the Common School Grant, it will no doubt frequently happen, that the payment to many of the Municipalities will be delayed from their own negligence for many weeks, although the Superintendent must have the whole amount apportioned in hand on the 1st July; but there would be no occasion to draw £24,642 10s. 6d. in May, as was done in the year 1855, although no portion of it could be expended until July. Still less could there be any good reason for applying for money which was never apportioned at all; yet on the 9th March, 1855, the Chief Superintendent received £6,000 to be apportioned amongst Common Schools, which was not so apportioned in the following July; nor was any portion of it expended until after July, 1856.

Upon the full consideration of these facts, after giving their due weight to the reasons advanced by Dr. Ryerson, in the letter referred to me, I see no cause for altering my former opinion; and would recommend the sum of £1,376 9s., paid by the Bank of Upper Canada to the Superintendent, as interest on the public money lying in his official account, be added to the Education Fund, (assuming that the other £192 17s. 7d. had been already accounted for prior to 1854.) But I would submit that the sum, being a large one, and the accumulation of some years, he should be allowed to make the repayment by instalments.

I have the honor to be,

Your obedient servant,

JOHN LANGTON,
Auditor.

The Hon. Wm. Cayley,
Inspector General.

Extract from a letter from the Auditor to the Chief Superintendent of Schools, dated 8th May, 1858, respecting his accounts for the year 1857.

I must also remark that you have not charged yourself with the amount received for interest on moneys lying in the bank, as directed by the Order in Council of September 2, 1857.

Mr. *Langton* then gave in his answer to question 176, with respect to securities given by Dr. Ryerson, as follows:—

“The bond is dated Nov. 5, 1853. Dr. Ryerson is bound in the sum of £2,000, and J. Ryerson and J. Ross as securities, each in the sum of £1,000.”

The following questions were then put to Mr. *Langton*:

Ques. 182. Did you receive from Dr. Ryerson any, and what reply, either verbally or in writing, to your several applications to him of the 18th April, and 25th June for payment of the interest?—Soon after the 18th April Dr. Ryerson called at my office and spoke of a claim I made on him for interest. He stated at the time that he had accounted for part of it to the Council of Public Instruction, and claimed a right to receive the rest for his own benefit. I have no recollection of any answer being received to my letter of the 25th June.

Ques. 183. Did you receive the communication on the subject of the interest promised in Dr. Ryerson's letter of 10th October, 1856?—No, I received no further communication.

(By Mr. *Cameron*.)

Ques. 184. Did Dr. Ryerson state to you that he had ever received any authority from any officer of the Government that this amount of interest, or any interest, on the balances in his hands should be allowed him for extra services?—I have no recollection of Dr. Ryerson stating that he was to be allowed any of the interest in compensation for extra services, but I recollect his saying that he had asked Mr. Hincks whether he was accountable for any more than the actual sum that had been paid to him by Government, and that Mr. Hincks had told him that that was all he could be called on to account for.

Ques. 185. Did Dr. Ryerson then convey to you the impression that he had the authority of Mr. Hincks to retain such interest?—My impression from my conversation with Dr. Ryerson was not that he had received any sufficient authority from Mr. Hincks to receive the interest,—certainly not official authority.

Ques. 186. Have you any knowledge of any member of the Government since 1854 having authorised Dr. Ryerson to retain such interest?—I have no knowledge of his having received any such authority.

(By Mr. *Foley*.)

Ques. 187. Have you any information as to public monies in the hands of the Superintendent of Education being deposited in any bank other than the Bank of Upper Canada or otherwise invested; if yes, state what your information is?—In the latter part of 1856 I am aware that Dr. Ryerson withdrew his deposit from the Bank of Upper Canada and re-deposited it on the 31st December; I think the money was in the Bank of Montreal in the meantime.

Ordered; That Dr. Ryerson be summoned to attend the Committee on Monday next.

Ordered, That a letter be addressed to the Inspector General expressing the surprise of the Committee at the fact of the return of Debentures asked for not having been sent in.

There being no quorum, the Committee then adjourned until Monday, at half-past 11, A. M.

Monday, 31st May, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

ALEXANDER T. GALT, Esquire, in the Chair.

MR. FOLEY,
MR. CHAPAIS,
MR. MATTICE,
MR. BUCHANAN,
MR. HOGAN,
MR. CAMERON,
MR. SIMARD,
The Hon. MR. CAYLEY,
MR. WHITE, and
MR. FERRER.

The minutes of the previous meeting were read and confirmed.

Rev. *Egerton Ryerson*, Chief Superintendent of Education for Upper Canada, being in attendance, the following questions were put from the Chair :

Ques. 188. At what time were you appointed Superintendent of Education, what was your salary—has it been since increased—and when and to what amount?—I was appointed Superintendent of Education in the latter part of 1844. My salary was then £375 per annum. My designation then was Assistant Superintendent, the Provincial Secretary being the nominal Chief Superintendent. In 1846 an Act was passed which was intended to make my salary £500 per annum, but the Act was so expressed that some doubt arose as to the real amount. The interpretation put upon the Act by the Inspector General, Mr. Cayley, was that I was only entitled to £360 per annum, and I appealed from his decision to the Governor in Council. The matter was referred then to the Attorney General, Mr. Draper, and the interpretation he put upon it was that I was entitled to £420 per annum. In 1850 an Act was passed fixing my salary at the same as that of the Superintendent for Lower Canada, which was £500 per annum; therefore, when his salary was raised, mine was increased also. Up to 1850 the Superintendent of Education for Lower Canada had a larger salary than I had. In 1855 or 1856 both our salaries were raised, and were fixed at £750 per annum. Since the commencement of 1858 Mr. Chauveau's salary was increased to £1,000 per annum, and mine the same, the increase being made retrospective, so as to take effect from the 1st January, 1857. The Order in Council for the last increase was made about a month since. I made joint application with Mr. Chauveau for an increase of salary about a year ago.

Ques. 189. In your communication to the Committee you have stated that you were charged with the expenditure of large sums not properly falling within the duties of your Department. Please to state the gross amount of such payments, and the dates within which they took place.—The aggregate amount I paid up to 1857 was £237,333 6s. 0d., of which only £18,582 4s. 10d. fell properly within my duty as Superintendent, as will be seen by reference to the 12th section of the 35th clause of the School Act of 1850. The expenditure of the difference took place between 1850 and 1856 inclusive. The amount expended in 1856 was £56,260 2s. 10d.

Ques. 190. Was your salary at the rate of £500 during the period referred to in your previous answers?—Yes, unless the increase took place in 1855, of which I am not quite certain.

Ques. 191. Was it during this period, between 1850 and 1855, that the Bank allowed you interest on moneys standing at your credit as Superintendent?—It was between 1851 and 1855.

Ques. 192. Prior to 1851, did you receive from the Bank, or otherwise, any indirect advantage from moneys so standing at your credit?—No.

Ques. 193. Have you received any such indirect advantage by interest or otherwise, since 1855?—No.

Ques. 194. It has been stated to the Committee that the funds in your hands were removed in 1856 from deposit with the Bank of Upper Canada; is this the case? If so, where were the same deposited and did you derive any advantage therefrom?—At the recommendation of Mr. Hodgins a sum of about £2000 was deposited at the Bank of Montreal with the view of paying certain sums in places where the Bank of Upper Canada had no agency, the agent of the Bank of Montreal being attorney for a number of persons who were to receive money. I derived no benefit from this arrangement; with this exception the funds have always remained in the Bank of Upper Canada.

Ques. 195. Will you please to state to the Committee whether you had the authority of the Government or any member of it in 1851 for retaining the interest on funds in your hands as Superintendent?—During my absence in England in 1851 the warrants for my salary remaining uncalled for, Mr. Hodgins applied to the cashier of the Bank of Upper Canada to know whether he would allow me anything on deposits at my credit, referring to my private account. Mr. Ridout replied that he would allow me three per cent. on all deposits. When I returned from England, several months afterwards, Mr. Hodgins informed me of the arrangement, and when I found that it included interest on public as well as private deposits, I expressed my unwillingness to receive any such advantage without the knowledge of the Government, and on going to Quebec some time afterwards I mentioned the circumstances to Mr. Hincks, then Inspector General, and asked him if I was responsible for more than the warrants issued in my name. On mentioning that an allowance was made me on deposits, I think I mentioned that of the first half as amounting to some £22. He smiled and seemed to think it was a small matter, and that I was entitled to any advantage of the kind. I have no recollection of any further conversation with Mr. Hincks on the subject. Mr. Hincks was the member of the Government with whom I always had communication.

Ques. 196. After Mr. Hincks' retirement from the Government, had you any communication with any member of the succeeding Government, on the same subject?—After Sir Allan McNab succeeded to the Government, I stated the circumstances to him, when speaking about salaries, and told him I did receive advantages from the Bank's allowing me interest on the deposits. He told me I ought to receive twice as much, or words to that effect. This occurred some time after his taking office, as I failed to meet him at Quebec.

Ques. 197. Did Sir Allan McNab express his disapproval of your obtaining such indirect advantages?—No: he did not.

Ques. 198. Had you any conversation or communication with any other member of Sir Allan McNab's Government on the same subject?—I had not.

Ques. 199. It appears from the correspondence furnished to the Committee by the Auditor, that application was made by him to you, by the direction of Mr. Cayley, the Inspector General, on the 18th April, 1856, to account for the interest referred to, but no reply appears to have been made by you to him. Please to state what took place, and whether you had communication with the Inspector General or other member of the Government on the subject?—I had a conversation with Mr. Langton on the subject. I also had a conversation with Mr. Cayley, explaining the grounds on which I retained the interest. The terms of the conversation I do not exactly recollect; but I think the Inspector General said it would be for me to consider whether I would wish these grounds to be submitted to the consideration of the Government; or whether I would comply with the demand of the Department without discussion. As this would have the effect of acknowledging myself to be in the wrong, I felt it would be more honorable for me to have the whole matter investigated, whether I was in the right or not; that was the decision I came to, and I afterwards communicated with the Government on the subject. It is proper to state that the Bank had discontinued allowing interest since November, 1855. I recollect having had a conversation with Mr. Morrison, the Receiver General, and with Mr. Macdonald, the Attorney General, on the same matter. I understood Mr. Morrison to be of opinion that I was fairly entitled to retain the interest, and thought that Government would favorably consider my claim. This was before I made any official communication to the Government. In conversation with Mr. Macdonald, I received the impression that though equity was on my side the law was against me. In the course of one of these conversations with one or the other of these gentlemen, I said that I would like to have the opinion of the Judges upon this question. I thought the Inspector General was not correct in the view he had taken. The Attorney General thought it was a question for the consideration of the Government whether I should retain the interest or not.

Ques. 200. Do the Committee understand that you considered and urged upon the Attorney General that you were legally entitled to retain the interest?—**Yes.**

Ques. 201. Did you inform the Attorney General of the conversation which took place between yourself and Mr. Hincks and Sir Allan McNab on the subject?—I did with regard to Mr. Hincks, but I am not sure with regard to Sir Allan McNab.

Ques. 202. Did you inform the Attorney General of the conversations had between yourself and Mr. Cayley and Mr. Morrison?—No. I do not recollect. It is possible that allusion may have been made to them.

(By Mr. Foley.)

Ques. 203. Were you left by the Attorney General under the impression that there was no doubt on his part that you have no legal right to retain the interest?—I had a conversation a few months since with the Attorney General, when he expressed his opinion that the law was against me, at the same time he said he would further investigate the matter. I was anxious for a settlement of the question and wished the Government to give in their decision. When in England last year I was informed through a private letter that an Order in Council had been passed, calling on me to refund the interest. On hearing of this order, Mr. Hodgins went forthwith to the Receiver General, with debentures to the amount

of \$1200 to be deposited to my credit; but the Receiver General would not accept them, and said I ought not to take any notice of the Order in Council until I had official communication of it. In the first conversation I had with the Attorney General afterwards, he told me that circumstances had come to his knowledge that made my case stronger than I had made it myself, and that it would again be a matter for consideration. I told him that if they decided against me the money should be deposited to the credit of the Government by the end of the year, so that the accounts with the Government might be made square. He wished me not to give myself any concern, as it would be a matter for further consideration. I also had a conversation with the Receiver General at the same time. I understood that the Order in Council was not to be communicated to me until I returned from England, and, on speaking to the Attorney General after my return, he said he would direct the Assistant Secretary not to communicate the order until he had further investigated the matter.

Ques. 204. When did you address the Government on the subject, and did you state the grounds upon which you contended you were entitled to retain the interest?—On the 29th December, 1856. I then stated the grounds on which I based my claim.

Ques. 205. Have you never received communication of the decision of the Government on your letter, except from the private letter referred to?—No.

Ques. 206. Are you acquainted with the terms of the Order in Council on the subject?—No, I am not.

Ques. 207. Since your letter of the 29th December, 1856, has the demand by the Inspector General been renewed?—No, except in a letter a few weeks ago from Mr. Langton, to which, knowing that the matter was under the consideration of the Government, I did not think it necessary to refer.

Ques. 208. Are the Committee to understand that you have been prepared to acquiesce in the decision of the Government upon your letter of 29th December, 1856?—Certainly.

Ques. 209. Has the question remained unsettled solely owing to your not having been informed of the ultimate decision of the Government upon the case?—Certainly it has.

Ques. 210. Had you at any time any conversation with Mr. Chauveau, the Lower Canada Superintendent, on the subject of the interest?—On the eve of his appointment, when persuading him to accept it, and stating my readiness to co-operate with him in every way, and afford him the advantages of all the information and facilities I had obtained in improving the system in Lower Canada, I mentioned in reply to an objection he made to the smallness of the salary, that perhaps the Bank would allow him the same advantage it had given me, and explained to him the nature of it.

The witness then withdrew.

Ordered, That the evidence and correspondence taken on Saturday, be forwarded to Dr. Ryerson, for any remarks he may have to make upon it.

Ordered, That Mr. Attorney General Macdonald, and the Hon. Mr. Morrison, be directed to attend the Committee to-morrow.

Ordered, That a special meeting of the Committee be summoned for Wednesday next, to deliberate upon the draft of a report to be submitted by the Chairman.

The Committee then adjourned until to-morrow.

Tuesday, 1st June, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

ALEXANDER T. GALT, ESQUIRE, in the Chair.

MR. HOGAN,
MR. BROWN,
MR. WHITE.
MR. FOLEY,
MR. J. CAMERON.
MR. MATTICE,
MR. SIMARD,
MR. HOWLAND,
MR. BUCHANAN, and
MR. FERRES.

The minutes of the previous meeting were read and confirmed.

A Return of Debentures, ordered on the 21st April, was sent in by Mr. Dickinson.

The Hon. *J. C. Morrison* being in attendance, the following questions were put from the Chair.

Ques. 211. At what period were you acting as Receiver General of the Province?—From June, 1856, until January, 1858.

Ques. 212. Will you please to state to the Committee any conversation you may have had, while Receiver General, with Dr. Ryerson on the subject of interest on funds in his hands?—Upon the arrival of Dr. Ryerson from England, in 1857, he called on me to enquire with regard to the amount of interest he had received, and stated his readiness then, if the Government had determined to make him pay the money, to take steps to do so. I told him I had not received any official notice of the matter, and advised him to communicate with the Secretary. I also told him that the Order in Council was to be communicated to him on his arrival in this country, and my object in advising him to communicate with the Secretary was, that he should let him know that he was in the country; he asked, then, if I thought the Government would accept Government Debentures; I said I thought they would accept Provincial Debentures, as by the Order in Council, it was intended to give him time, and allow him to pay by instalments, but that I could not accept Government Debentures without being authorized to do so by an Order in Council. He also stated he intended pleading his case before the Government.

Ques. 213. Had you any other conversation as Receiver General with Dr. Ryerson on the subject subsequently?—After he had sent in his letter he asked me if I had seen it. He said, generally, was there any chance of the Government coming to a different conclusion. I said that though equity was in his favor, law was against him, and that he had no right to the money, and that I thought Government would not give up the claim.

Ques. 214. It has been stated by Dr. Ryerson that in 1857, Mr. Hodgins, in his absence, called on the Receiver General, and offered to deposit certain securities on account of such interest. Please to state what passed?—I received a note from Mr. Hodgins, stating his desire to fix an hour when he could see me.

The next day, on my way from my own house, having some business at the Normal School, I called and saw Mr. Hodgins there, and he stated that he had heard that Government had come to a conclusion with regard to the interest chargeable against Dr. Ryerson under the Auditor's Report. If that was the case, he said, he was prepared to settle the matter. I told him I had heard nothing of it, and I thought there must have been some mistake, but that I would enquire. If such was the case, no doubt the matter would be communicated to him officially, perhaps that day, and I promised to let him know if there was anything. I waited for two days, and as I had no official communication myself, I supposed that Mr. Hodgins was mistaken. Upon enquiry at the Council Office I found that an Order in Council had passed, and communicated to Mr. Hodgins that it would be communicated to Dr. Ryerson upon his return from England. Mr. Hodgins desired to settle it that day, but I told him I was not authorised to receive debentures. He offered £700 in cash and the rest in debentures.

Ques. 215. Was the Order in Council furnished to you for your guidance when passed?—No. Not to my knowledge.

Ques. 216. Were you present when the Order in Council was passed?—I was not.

Ques. 217. Did you decline receiving the debentures tendered by Mr. Hodgins because the Order in Council had not been presented to you?—That was the reason.

Ques. 218. Can you state at what time the tender was made to you by Mr. Hodgins?—It was about the time of the passage of the Order in Council, in September, 1857.

Ques. 219. Are you a member of the Council of Public Instruction, and when were you appointed?—I am. I was appointed in 1846.

Ques. 220. While acting as a member of the Council of Public Instruction were you made aware of the nature of the arrangement under which Dr. Ryerson was allowed interest? Please to state what you know of the matter.—While I was a member of the Council of Public Instruction I was aware that Dr. Ryerson was receiving interest upon public deposits. I think Dr. Ryerson mentioned it himself, and also Mr. Scobie. A part of the funds of the Department were under our supervision, but all the rest were placed at the personal credit of Dr. Ryerson. It was a matter of conversation several times. We were aware of the existence of the fact, but knew nothing of the amount.

Ques. 221. Are the Committee to understand that the Council of Public Instruction acquiesced in the arrangement referred to?—As a Council, they did not acquiesce. It was not in their province to interfere with these monies.

(By Mr. Brown.)

Ques. 222. Were you and the other members of the Board of Instruction aware that Dr. Ryerson was yearly drawing large sums as interest on public deposits from the Bank of Upper Canada, and applying the same to his own private use?—I cannot answer for the other members of the Board. I was aware that he was drawing interest on the deposits he had there, but I cannot say I was aware they were large sums.

Ques. 223. Are the Committee to understand that the funds referred to were not under the control of the Council, and that therefore they did not consider they could interfere in the matter?—Yes.

Ques. 224. Can you state who were members of the Council between 1851 and 1855?—Judge Harrison, Mr. Scobie, Mr. Howard, Mr. Grasett, myself, the Roman Catholic Bishop, and Dr. Lily. Dr. Jennings succeeded Mr. Scobie.

Ques. 225. Do you know if Dr. Ryerson has been in the habit of keeping a cash book, showing from day to day the cash transactions of the Educational Department?—I think he does.

Ques. 226. Are the books of the Educational Department regularly audited by the Government?—Latterly they have been.

Ques. 227. Did Dr. Ryerson's books contain entries of the interest paid him on the public deposits of the Department by the Bank of Upper Canada?—I do not know.

Ques. 228. When and how did the knowledge come to the Government that Dr. Ryerson had received money from the Bank of Upper Canada as interest on deposits, and had applied it to his own use?—I do not know the exact date; it was in the Auditor's report.

(By Mr. *White*.)

Ques. 229. What practice prevailed before the appointment of the Board of Audit with respect to public officers entrusted with public monies as to the interest that may have accrued when in their hands?—No interest accrued to my knowledge. I am not aware of any interest having been accounted for.

Ques. 230. Would the amount of monies received by Dr. Ryerson from time to time have borne interest if left with the Government?—It would not.

Ques. 231. Did the Council of Public Instruction receive interest on the amount of monies at their credit, and if so, did they account for it?—They did receive interest, and they applied it to the purposes of the Normal School.

Ques. 232. Do you know whether any other public accountants have treated funds in their hands in a similar way as Dr. Ryerson. Has any interest ever been accounted for by such parties?—No person to my knowledge.

(By Mr. *Buchanan*.)

Ques. 233. Was it the feeling of the Board of Public Instruction that Dr. Ryerson's nominal salary was insufficient of itself or inadequate to his services?—It was the feeling of several members of the Board that the salary of £375 was inadequate.

Ques. 234. Did you at any time state to Dr. Ryerson that in your opinion he was entitled to retain the interest on public deposits?—I did not.

The witness then withdrew.

Mr. Attorney General *Macdonald* was then called in and examined.

Ques. 235. When did you first become aware that Dr. Ryerson had retained in his hands the interest on certain school funds amounting to about £1,350?—I think I was first informed of it by Mr. Langton, when he first discovered it in 1856.

Ques. 236. Had you any conversation at that time with Dr. Ryerson, and what was its purport?—I had no conversation with Dr. Ryerson until after he returned from England.

Ques. 237. About what time was your first conversation with Dr. Ryerson on the subject?—I forget when Dr. Ryerson returned, but I think it was immediately after his return.

Ques. 238. What passed at such conversation; please to state particulars?—He mentioned that he had heard that Mr. Langton had made a report, or was about to make a report, on the circumstances. He detailed the facts at length, which were afterwards reduced to writing, in a letter to the Inspector General, and he further stated that he appropriated this interest with the sanction of Mr. Hincks.

Ques. 239. Did you then state to him any opinion as to the propriety or otherwise of the course he had taken?—Not as to the propriety; but as to the legality, I did. I told him that by law the interest must accompany the principal, and the

principal belonging to the Crown, the interest must also belong to the Crown. The propriety would depend on whether he had the sanction of Mr. Hincks. If Mr. Hincks had told him he had a right to keep the money, he might naturally suppose that he might keep it, and I suggested to him that he had better write to Mr. Hincks on the subject.

Ques. 240. What reply did Dr. Ryerson make to the intimation he received from you as to the legality of his retaining the interest?—He discussed the question a good deal. He did not once agree as to my law. I said I was quite satisfied as to the fact. He argued the point with me, but I told him it was so.

(By Mr. Foley.)

Ques. 241. Did you say to Dr. Ryerson that in your opinion he was equitably though not legally entitled to the interest?—I could not have used the word equitably, but I have little doubt I told him it was rather a hard case, after having thought he had a right to the money, and having spent it, to have to pay it back.

Ques. 242. Considerable delay appears to have elapsed between the period when the Auditor reported on the question and the final decision of the Government. Please to state how this arose?—I forget when Dr. Ryerson returned, and when this conversation took place; but his letter to the Inspector General was in December, 1856. Why the delay took place I am not able to say, the matter not being in my department.

Ques. 243. After Dr. Ryerson's letter of 20th December, 1856, had you any further conversation with him on the subject?—I have had a series of conversations with Dr. Ryerson. He always said it was very hard upon him, and that it would seriously embarrass him; but that some friends had voluntarily come forward to aid him, and that if he was obliged to pay it, he would do so. At the same time that he wrote the letter to the Inspector General on the 20th December, he made an application for some claims that he had for arrears, which he said he wished to keep separate, but that he would apply them to the liquidation of the other, as far as they would go. These claims were submitted to me to report on, and I reported on a portion of them, saying that they were well founded, and upon the remainder that they were not well founded. I think a minute in Council passed, approving of my report. Dr. Ryerson said he would be obliged to sell his house, the only property he had been able to acquire.

Ques. 244. Dr. Ryerson has stated that in a conversation with you in 1857 you said that circumstances had come to your knowledge that made his case stronger than he had made it himself—that it would be again under consideration, and that you would direct the Assistant Secretary not to communicate the Order in Council to him, please to state what occurred?—He had stated to me that he had Mr. Hincks' sanction. There was no allusion to that in his letter of December, 1856, but he repeated it to me in every conversation we had. My attention is called to a statement of Dr. Ryerson's that circumstances had come to my knowledge that would make his case stronger than he had made it himself. What I referred to then was, that, in a conversation with Mr. Morrison, he told me that Dr. Ryerson had reason to suppose from Mr. Hincks that he might keep this money, I cannot speak with certainty, but I think he also spoke of having some sanction from members of the Board of Public Instruction. I said that these circumstances had been mentioned to me, and I thought he had better see Mr. Morrison about the matter. Dr. Ryerson said he had avoided making use of private conversation, and that was why he did not allude to Mr. Hincks in his letter. I do not remember having said that I would direct the Assistant Secretary not to communicate the Order in Council, but I have no doubt I said the

matter might stand over until he had an opportunity of communicating with Mr. Morrison, and I have no doubt he told me he had a conversation with Sir Allan McNab on the subject, but I cannot say that he said he had Sir Allan McNab's sanction.

(By Mr. *Buchanan*.)

Ques. 245. Is it your opinion that Dr. Ryerson's nominal salary was between was between 1851 and 1855 insufficient or inadequate to his services?—If the salary was £500, as I have been informed, I think that a small salary for the responsible duties of the office.

(By Mr. *Brown*.)

Ques. 246. What would you say was a fitting salary for the Superintendent of Education from 1851 to 1855?—I think the subsequent salary was more adequate than the one of £500 for those years.

Ques. 247. Do you then consider that the salary of nearly £770 which Dr. Ryerson actually paid himself was more than adequate?—I think the Superintendent of Education should have as high a salary as any public functionary in Canada, except the Governor General. I think it is the most important office in Canada.

Ques. 248. Referring to the claims for extra compensation by Dr. Ryerson, on which you reported to the Governor General, were they founded on services in the years from 1851 to 1855?—I cannot speak without referring to the papers, but I think they were all before that time.

Ques. 249. Do you know in what years the interest in question was received by Dr. Ryerson?—I do not.

Ques. 250. Do you know if Dr. Ryerson kept books of account, showing from day to day the cash transactions of his Department?—I know nothing of his accounts.

Ques. 251. Do you know if he enters in his books of accounts the sums he from time to time received as interest on the deposits of the Department in the Bank of Upper Canada?—I know nothing of his accounts.

Ques. 252. Is it the fact that until the Auditor in 1856 discovered the appropriation of this interest to his own private use by Dr. Ryerson, the Government were kept in ignorance that such transaction had occurred?—The Government, of which I was a member, came into office in 1854, and between that time and the time Mr. Langton mentioned the fact to me I was ignorant of it.

Ques. 253. You have stated that the propriety of Dr. Ryerson's conduct would be very much affected if Mr. Hincks had sanctioned it—did you mean to say that a mere personal assent by the Inspector General would entitle any officer of the Government to omit from his accounts, and appropriate to his own use, cash received as interest on public deposits?—No such inference could be drawn from what I have said.

Ques. 254. Did Dr. Ryerson act on your suggestion that he should write to Mr. Hincks for a memorandum of what had passed between them on the subject of Dr. Ryerson applying the said interest to his own use?—Not that I know of.

(By Mr. *Foley*.)

Ques. 255. Had the claims of Dr. Ryerson, which you reported on, been made by him on previous governments, or were they advanced by him in 1856 for the first time?—I do not know.

(By Mr. Howland.)

Ques. 256. Did Dr. Ryerson assert a right to appropriate the interest to his own use on the ground of having had the acquiescence of Mr. Hincks in doing so? —Not exclusively. Dr. Ryerson contended that as he was responsible for the money, and had given security for it, he had a right to place the deposits of those funds as he pleased, and that any advantage accruing from the deposits therefore belonged to him, and was a matter between himself and the Bank where the money was deposited, with which the Government had nothing to do, and used Mr. Hincks' name in proof that his opinion was the same.

Witness then withdrew.

Ordered, That the Cashier of the Bank of Upper Canada and of the Bank of Montreal be summoned to attend the Committee on Thursday next.

The Committee then adjourned until to morrow, at 11 A.M.

Wednesday, 2nd June, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

ALEXANDER T. GALT, ESQUIRE, in the Chair.

MR. HOGAN,
MR. LE BOUTILLIER,
MR. SIMARD,
MR. BUCHANAN,
MR. FOLEY,
MR. CAMERON,
The Hon. MR. CAYLEY,
MR. BROWN,
MR. CHAPAIS,
MR. FERRES,
MR. MATTICE, and
MR. WHITE.

The Chairman presented the draft of a Report for the consideration of the Committee.

Draft of Report by Mr. Galt, Chairman, as submitted for consideration of Committee.

The Standing Committee on Public Accounts beg leave to Report,

That Your Committee have had under their consideration the Public Accounts for 1856 and 1857, and have taken evidence thereon, which they beg leave to annex to their report.

The labors of Your Committee have been very greatly increased by the necessity imposed upon them, of examining the accounts for two years, and it has therefore been found impossible to effect that close enquiry into many points in the accounts, which otherwise would have engaged their attention.

The course adopted has been,

1st. To examine into the system of audit, and the improvements, and checks which have been introduced into the administration of the Public Funds.

2nd. To investigate the items of account in both years under corresponding heads.

It has not been possible to examine each item of account, and the object of the Committee has therefore been to obtain evidence on the accounts generally, so as to permit them to report upon the system. In some cases they have extended their enquiries into particular branches of the revenue and expenditure, as will be seen by the evidence. In others, the accounts themselves, with the verbal explanations of the Deputy Inspector General, and the Auditor, have been found sufficient. There yet remains several important subjects, which have not yet been investigated, and which will be found noted at the close of this report, as subjects for further enquiry.

Accuracy of Public Accounts.

From the evidence of the Auditor and the Deputy Inspector General, in respect to the checks imposed upon payments, and the audit to which the accounts are subjected, it appears to Your Committee, that there is every reason to believe that the amounts charged in the accounts accurately represent the payments. In some cases the explanations in the accounts are insufficient, but there appears no reason to suppose that such deficiencies arise from any cause than inadvertence.

Much improvement has been made within the last two years, in providing for the proper administration of the Public Funds. The first and most important change is to be found in the fact that, with two or three unimportant exceptions, the whole revenue is now paid directly to the Receiver General, and the disbursements are made by him under warrant. The pernicious system which previously existed, of permitting public funds to be under the control of Departments is thus almost wholly removed.

Another valuable alteration has been made in the use of accountable warrants, which previously remained at the uncontrolled disposal of the officers to whom they were issued. The funds obtained under these warrants are now deposited in the Bank, and can only be drawn by official checks, which are returned directly to the Auditor, who has thus a complete check upon the application of such funds.

Your Committee, however, find that in practice the check imposed by the Audit Office, is somewhat impaired by the recommendations of the Auditor being occasionally set aside by Order in Council. It is therefore suggested that in future, in no case shall any deduction from, or report upon an account by the Auditor, be set aside by Order in Council, except upon a distinct report to Council by the head of the Department through which the account has passed, setting forth the reasons for paying the same, and which report shall be transmitted to the Audit Office for record. By this means the reason for making such payments can be readily ascertained, which is most desirable, as these constitute precisely the cases where doubts as to the propriety of payment actually suggest themselves.

The efforts of the Inspector General (Mr. Cayley), and especially of the Auditor (Mr. Langton), in effecting an improved check upon the outlay of public funds, and securing proper accountability, appear to be satisfactory; and the working of the Board of Audit is proved to have been beneficial.

MODE OF RENDERING ACCOUNTS.

The Public Accounts, as furnished to the House of Assembly, are prepared in the Inspector General's Department—and but little change has occurred in their form for a number of years. To the Accounts for 1857, there is prefixed a Report from the Board of Audit—and also several Statements prepared by order of the Inspector General—which appear to your Committee, valuable, as supplying deficiencies in the accounts themselves. Some of these Statements will be further referred to.

Your Committee are, however, of opinion that the mode in which the Accounts are now rendered, is in many respects objectionable—the statements are not complete under the several heads; but items of similar character are so distributed throughout the volume, that there is very great difficulty in effecting any analysis of outlay. The General State-

ment of the affairs of the Province, is rather a Balance Sheet than a statement of the real Assets and Liabilities of the Province. The statement of Income and Expenditure by no means covers the whole outlay for the year; and in the cases of the Special Funds, it has been with extreme difficulty that their proper connection with the other statements has been, or can be, made out.

Your Committee have received, in evidence from the Auditor, that the Inspector General has decided, for the future, to submit a Cash Account, or General Statement, for each year, of the total Income and Expenditure—from whatever cause arising, with the future accounts. The want of such a statement has seriously embarrassed Your Committee—and without it, it is absolutely out of their power properly to audit the accounts, and to report that the Cash Balances and Debt are as stated. Your Committee have ordered a statement of this nature for 1857, which it will be their duty hereafter to report upon.

GENERAL EXAMINATION OF ACCOUNTS.

The Committee have proceeded through each Statement of the Accounts for 1856 and 1857, as follows:—

NO. 1.—GENERAL STATEMENT OF AFFAIRS.

By the evidence of the Deputy Inspector General, it appears that this Statement is really the Balance sheet of the books of the Department. While it is absolutely necessary that it should correspond with these books, it appears to be attached to the Public Accounts, rather as a statement of assets and liabilities; and in this light it has been regarded and examined by the Committee—who desire to call the attention of the House to various items therein.

ASSETS.

Loans to Incorporated Companies.

In the evidence herewith will be found Statements, prepared by order of your Committee, showing the exact position of these items; and also evidence taken from the officers of the Companies themselves, as to the security held by the Province. The Committee are reluctantly brought to the conclusion, that of the whole amount £35,538 12s. 8d. little or none will ever be recovered; and they recommend that the Government shall be authorized to close these accounts on the best terms that can be obtained.

Provincial Works.

The Committee will have occasion hereafter to remark upon the great Provincial Canals. At present they desire to call attention to the statements and evidence obtained in regard to the Harbors and Lighthouses and Roads and Bridges. In some of the former cases, the harbors have been sold at comparatively small sums; and all, or nearly all, the roads and bridges. In the latter case, an expenditure of £746,287 8s. 6d. is now represented by claims on various Road Companies and Municipalities for £163,400, and by certain unproductive roads.

There is but one single instance in which the conditions of these sales have been complied with; and there appears great reason to fear that an almost total loss will arise to the Province of this large sum. In most of the cases, proceedings appear to have been instituted against the parties; and in several judgment has been obtained: but it has not produced payment. Your Committee regard the whole position of these cases of indebtedness as exceedingly unsatisfactory; and desire to urge upon the House the necessity of deciding on the course to be pursued, otherwise the claims will become wholly valueless. The sums paid on the purchase of these roads and harbors are generally extremely small; the purchasers have for years enjoyed the benefit of the revenue from them, and it may well be feared that they contemplate abandoning the works. Your Committee must remark, that these works improperly stand in the General Statement at their original cost; whereas, having been sold, they clearly only represent the amount of the sales, and the difference should be at once written off.

Much evidence has been taken on the subject of these debts, to which attention is respectfully craved.

Penitentiary.

The amount of £34,207 appears as invested in the Penitentiary. This sum represents the outlay prior to the union, and is therefore no guide to the present cost or value of the institution. It might be better to remove it from the statement.

Redemption of Public Debt.

The sum of £1,330,648 18s. 8d. appears as a deduction from outlay for redemption of public debt. It is true that this sum represents the actual debt redeemed, but as the *direct* public debt has been considerably increased within the last two years, partly by issue of debentures representing a portion of the debt so redeemed, it appears to the Committee that this deduction does not correctly represent the actual state of the redeemed public debt, which should be differently entered.

The actual direct indebtedness of the Province as shewn by the public accounts of 1855 was	£4,310,636 10 8
In 1857 it is.....	5,367,564 2 7

Increase.....	£1,056,927 11 11
While the amount redeemed appears to have been in 1855.....	£ 500,658 6 7
In 1857.....	1,330,148 18 8

Increase.....	£ 829,490 12 1
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No doubt a portion of the increased debt from 1855 to 1857 is under appropriations by the Legislature, but it appears that a part at least has been issued on account of the redeemed debt.

Sinking Fund.

The amount of this fund is £829,490 12s. 1d., invested in the name of the Assistant Secretary of the Treasury and the under Secretary of State for the Colonies as Trustees. This fund is appropriated exclusively to the redemption of the loan of £1,500,000 sterling, guaranteed by the Imperial Government, and a contribution of four per cent. on the total amount, or £60,000 sterling is made annually towards it. Your Committee find that it is invested in the 3 per cent. consols., thus yielding a very low rate of interest; the debt itself bearing 4 per cent. It appears in evidence, that in 1846 Mr. Cayley, then Inspector General, applied to have a different investment sanctioned, without success. Your Committee are most strongly of opinion that the present investment in 3 per cent. consols is attended with a very serious loss to the Province, and inasmuch as by the statute it is competent for the Governor General to direct its investment in such securities as he may deem proper, Your Committee recommend that an humble address be presented to His Excellency, praying that he will direct the said fund to be invested in the 6 per cent. securities of this Province, or in the Municipal Loan Fund Debentures. The difference in the rate of interest will now amount to £25,000 per annum, and Your Committee cannot believe that the Imperial Government will raise any objection to an arrangement so manifestly beneficial to this Province. If objection be taken that the security will be impaired by investing in the securities of the Province, power may be given to the Trustees to alter the investment in their discretion; but as the Imperial Government itself invests its own sinking fund in the British National Debt, Your Committee cannot anticipate a different policy being exacted as regards Canada. The credit of the Province and its punctuality in fulfilment of its engagements are now so well known that the British Government can scarcely require a sacrifice of £25,000 per annum, increasing year by year as a guarantee for the payment of £1,500,000. The present effect of the investment is that a loss of interest arises equal to about..... \$100,000

Interest at 4 per cent. on £1,500,000 sterling	292,000
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\$392,000

The loan therefore now costs the Province nearly 5½ per cent. interest per annum, and as at the present price of 6 per cent. Provincial Debentures (say 115) the rate of Interest is less than 4½ per cent., it would be more advantageous to effect a loan on Provincial credit and pay off the debt, than continue it on the present terms. A representa-

tion of the case to the Imperial Government, will, the Committee hope, enable a more satisfactory arrangement to be effected. It is worthy of note that a loan of less than a million currency would pay off this debt, on account of which the Province is now charged with 4 per cent. interest. £60,000 Sterling
4 per cent. Sinking Fund 60,000

£120,000

£1,000,000 Currency, at even 5 per cent., is about 42,000

Thus a saving of £78,000 Sterling
or nearly £100,000 Currency annually would be effected, which, in the present state of the Revenue, should be considered.

Quebec Fire Loan.

The Committee refer to the evidence thereon. The receipts are quite inconsiderable, scarcely adequate to pay the expense of management, and the attention of the House is called to the subject, as if payment be not exacted it would be better to abandon the whole claim, rather than to keep up a system of partial control which is onerous to the debtors and wholly useless to the public.

Special Fund Investments.

Your Committee refer to the evidence which they have taken as to the safe custody of the securities for these funds, which appears to them both conclusive and satisfactory. A return of these investments is herewith reported, which, having been only recently furnished to Your Committee, may hereafter become the subject of remark.

Interest on Municipal Loan Fund.

The Committee find that on this account there was paid up to Dec. 31, 1857, £124,987 14s. 5d. There has been no opportunity to investigate the causes for this large defalcation by the Municipalities, but it is manifest to Your Committee that unless the House evince an immediate determination to exact payment of arrears, the whole of these debts will speedily fall upon the Province. The amount involved is very large—£1,823,698 in Canada West, and £386,625 in Canada East, with a further power to issue in all £3,000,000 for both sections. The subject is one involving such a large and immediate charge upon the public, that Your Committee most earnestly call attention to the point. They do not doubt that in all cases, the means exist in the Municipalities implicated to meet their liabilities, and it is manifestly a great wrong to the other sections of the Province if these local claims become, from any cause, an addition to the general burdens. An Act that was in itself designed to facilitate the obtaining of capital for local purposes, will thus have been the means of producing the greatest abuses, and the credit of the Municipalities of the whole Province will sustain a most serious blow. Anything approaching to a repudiation of a public obligation ought to be peremptorily and severely checked by the Legislature, as it may be feared that if such an immoral course be recognized in the Municipalities, its infection may spread, and its effect, in any case, can scarcely fail most seriously to damage the credit of the Province. Your Committee urgently recommend the House to adopt stringent measures for compelling payment.

Montreal Turnpike Trust.

No Interest appears to have been paid for the last two years, after having been punctually met for many years before. This requires immediate action, or this fund may, like others, become a permanent charge upon the public.

Quebec Turnpike Trust.

This Trust has in its results been most unsatisfactorily managed towards the public. It has been in possession of £33,882 of public money, and has never paid one shilling of interest. Steps should be immediately taken for either requiring the Trust to pay the interest, or for the assumption and sale of the roads for the

benefit of the public exchequer. A commission was issued two years ago to enquire into this Trust—its only result appears to have been the payment for it of £1,663 18s. 11d. An enquiry was also then made, by commission, into the cause of the fall of the Montmorenci Bridge, near Quebec, costing £429 18s. 6d. The Committee cannot but condemn such costly enquiries. The case appears to them a plain one—either the Trustees should pay the interest they owe the Province, or surrender the roads, to be dealt with as the Legislature may see fit.

Crown Lands Balance.

A balance of £54,048 appears due to the Receiver General by this Department. Attention is called to the evidence taken thereon.

Grand Trunk Railway Interest Account.

The amount paid on this account appears in the statement as an asset. After the passage of the Relief Act, the Committee think it would be more proper that these payments should appear in the annual outlay of the Province.

Ontario, Simcoe and Huron Railway.

The Committee observe that interest to the amount of £88,274 has been paid on account of this Company. The principle is decidedly a bad one, of continuing to pay money without defining the relation of the Province towards the debtor. It is recommended that the House should take the circumstances into consideration without unnecessary delay. The Province is undoubtedly bound to make good the interest on its own Bonds issued to the Railway, but it may be feared that to allow these payments to be made year by year, and held as a preferential debt against the Company, without any attempt at recovery, is the very worst course that could be pursued, as it manifestly destroys the credit of the Company, and prevents it from obtaining funds to improve or extend its line, from which alone can ultimate payment be looked for by the Province. The Committee offer no recommendation on this subject further than that the position of the Province towards the Company should be defined without delay.

Great Western Railway Interest.

This Company, although in receipt of large revenues, appears in 1857 to have allowed the interest on its debt to the Province to become in arrear. The only excuse offered is that their claim for remuneration for carrying the mails remained unsettled. The Committee consider this excuse as insufficient, as the same Company stands indebted on its Sinking Fund to the amount of £72,087 10s. The Committee have been informed that a portion of the interest has been repaid this year. They consider that the whole should be at once repaid, and also that the amount due the Sinking Fund should be made good. In the case of a Company such as the Great Western, which has proposed to repay the entire loan by the Province, the Committee consider the Government ought to have required full payment. The settlement of the Mail account should be at once effected by the Post Office Department in the case of all the Railway Companies. The delay has in this case furnished an excuse for retaining no less a sum than £129,797 10s. of the public funds, to wit :

£57,710	0	0	paid on interest.
£72,087	10	0	due Sinking Fund.
<hr/>			
£129,797	10	0	

LIABILITIES.

Public Debt.

The amount appearing as Direct Debt is	£5,367,564	2	7
Indirect debt by issue to Railway Companies	5,300,408	6	8
To Municipalities	2,211,323	0	0
<hr/>			
Total	£12,879,295	9	3

The whole of the interest is at this moment a charge upon the Province, except what may be paid by the Municipalities, and what can undoubtedly be recovered from the Great Western Company.

The debt of the Province has been uniformly created by the issue of debentures payable at certain dates, and bearing generally six per cent. interest, except the £1,500,000 loan guaranteed by the Imperial Government. These debentures have for several years past, borne a premium varying from 10 to 15 per cent. in the English money market. With some exceptions, the debentures are in sterling money, payable in London, and it appears are usually negotiated by the Provincial agents—Messrs. Glyn & Co., and Baring Brothers & Co. These agents are allowed a commission of one per cent. for negotiation, and also a commission of one per cent. on all payments by them on account of principal and interest. Your Committee have not yet had an opportunity of examining the exact nature and reasons for the arrangement made with the London agents, nor the instructions under which the debentures are from time to time sold or redeemed. The commission does not, however, appear excessive, and the Committee do not doubt that great advantage has been found by the Province in having the services of the eminent London Bankers referred to.

It appears to your Committee that, considering the large debt of the Province, the time has arrived when it may be proper to consider the propriety of consolidating the debt, so as to make it of one uniform character, and bearing an uniform rate of interest. The present mode of issuing debentures at 20 or 25 years' date, might be advisable when the loans created were small, and the position of the Province such as to entitle the creditor to know the fixed period at which the loan would be redeemed. At that time, the Provincial bonds were rarely known in the money market, and were invariably held as permanent investment. Now, however, these securities are daily quoted, and their market value is regulated by the general value of money as represented by English securities. Investors, therefore, no longer look to the date of the ultimate redemption of the bonds, as the period when their funds can become again available, but know that, subject to the state of the money market, they are always saleable. It does not therefore appear any longer necessary to define the period of redemption, or, if defined, it might be better to state, that, as in the case of the English funds, a certain rate of interest will be allowed for a certain fixed period, with the option to the Government of either then redeeming or continuing the debt. The effect of issuing now a debenture bearing 6 per cent. interest, and payable at twenty years, is to secure for its sale a premium of say 15 per cent. or in other words, the purchaser pays £115 for £6 per annum for 20 years, with repayment at that period of £100. The real rate of interest received by the purchaser is thus not six per cent., but really less than four and a half per cent. The consequence is that as the Debenture matures the premium upon it must necessarily diminish, and at or near its maturity its value instead of 115 will only be a shade over par. The result therefore of having many different classes of Debentures in the London market, maturing at different dates, is to destroy any fixed rate of value for them, by the quotations, as Debentures bearing precisely the same security may from the date of their maturity vary in value from 1 to 15 per cent. The effect cannot but be partially injurious to the credit of the Province, and it is suggested to the consideration of the House whether it would not be better to propose a consolidation of the Debt, by offering to the holders of the Debenture Stocks bearing a rate of interest more nearly approaching to that which they now actually receive. It is believed that the Province could readily obtain any funds at five per cent. at par, which would certainly be better than appearing to borrow at six per cent. Another effect flows from the Province always nominally borrowing at six per cent., viz. : that the municipalities, and other bodies in Canada appearing as borrowers in London, are required to regulate their loans by the supposed rate paid by the Province. The Committee do not mean to affirm that any change in the Provincial Debt would raise the real value of other securities, but if the Public Debt bear a lower rate than six per cent., it would better mark the difference in the securities offered, as at present the nominal rate at which the Province borrows is six per cent., while the real rate is less than four and a half per cent.

The Committee also feel it their duty to call the attention of the House to the practice of issuing Debentures payable in currency in Canada. These Debentures, though in all respects equal to those in sterling money, are never sold by the Government or quoted in

the market, much above par. There seems no reason why the Province should issue any Debentures, except in that market where they will bring the highest price, and your Committee suggest that henceforward all Debentures be issued in sterling money, payable in London. They further suggest that all outstanding Debentures, payable in Canada, be redeemed by the creation of an equivalent debt in London. Many of these Debentures are held in the Special Fund Investments, and could therefore be readily obtained at their present Provincial market value. A considerable saving may thus be effected.

The Committee remark that in the Debentures issued under the Consolidated Municipal Loan Fund Acts, the Province might also effect a desirable change. These Debentures do not bear the direct engagement of the Province, but the Interest has thus far been paid by it, and will no doubt continue so to be. The market value of these Debentures is considerably under par, and it would therefore be advantageous for the Province to redeem these Debentures, and hold them itself, substituting its own direct engagement, which certainly would not, as has been shewn, exceed a rate of five per cent., instead of six as now paid. On the whole fund, £3,000,000, a saving of £30,000 annually would thus be effected. For the remainder of the Fund to be issued, the Committee strongly recommended that, in all cases, money be paid to the Municipalities instead of Bonds; and that the means be obtained from loans, on the credit of the Province. The present system directly tends to lower the credit of the Province, and also causes a considerable loss to the Municipalities who receive the debentures. During the late crisis, the Municipal Loan Fund Debentures were sold as low as 85 per cent.; while, at the same time, the Provincial Bonds in London never went below 107 in the market, although it is true a sale was made by the Government, during the extreme pressure, as low as 103, for a large amount.

CONSOLIDATED FUND.

The Committee suggest that, following the practice of last year, this fund should be charged with a variety of items which cannot properly be considered as assets.

The Committee having thus considered the more prominent points in the General Statement of Affairs, beg leave to report upon the Income and Expenditure of 1856-1857, as shown by the accounts. Before proceeding to which, your Committee must again report the absolute necessity for a proper understanding of the accounts, that the whole outlay and income, under every head, ought to form their leading feature.

INCOME.

Revenue from Customs Duties.

The Committee refer to the evidence of the Auditor, as to the check upon the Collectors. The whole revenue is paid to the credit of the Receiver General, and the deductions are paid by warrant. This appears to be satisfactory.

In the evidence will be found a statement of defaulters not appearing in the accounts, amounting to £3,375 15s. 3d., with the proceedings taken thereon. Also, statement of present balances due by Collectors, £3,552 6s. 10d. It is satisfactory to observe that the amount is small, and shows a reduction, from 1856, of £5,203 2s. 4d.

The Committee desire to call the attention of the House to the great and increasing cost of collection, which in 1857, without including the expenses of the Inspector General's Department, amounted to £82,863 9s. 8d. on a revenue of £981,802 8s. 10d. This requires strict supervision and greater economy. The Committee cannot fail to attribute part of this increased expense to the system recently adopted of establishing Inland Ports. While admitting the advantage, and, in some cases, the necessity, arising out of the railway system, of having Inland Ports, Your Committee cannot admit the propriety of the extent to which it has gone. At present, out of ninety Ports in all, there are no less than twenty-nine in which the gross revenue does not cover the costs of collection. The Committee therefore recommend that in any instance in which through the diversion of trade into other channels, or from any other cause, the retention of a port shall not be required by the public interest, such port shall be closed, or, if it is an outport, and that no new ports shall be established unless absolutely called

REVENUE FROM EXCISE.

Balances outstanding due by Collectors in 1856,	£3,392	17	11
in 1857,	£2,965	5	3
Reduction.	£427	12	8

TERRITORIAL REVENUE.

The whole of the receipts of the Crown Lands Department are now paid to the credit of the Receiver General. The Committee have not as yet been able to investigate details of revenue.

BANK ISSUES.

The Committee find that these returns are made under oath, and that a proper check is kept by the Board of Audit upon them.

MILITIA FINES.

The amount under this head is quite unimportant.

REVENUE FROM PUBLIC WORKS.

Balance due by Collectors, 1856	£2,384	3	1
Do do 1857	4,560	15	10
Increase	£2,176	12	9

Your Committee have not been yet able to examine details of revenue, but it is their duty to call the attention of the House to the very unproductive character of these works, and to the very great importance of so far completing the system of Inland navigation as to afford such facilities to the trade, as may render these works productive. The very large sum of £3,514,000 has now been expended upon the navigation between Lake Erie and Montreal, and with the exception of the Welland Canal, the whole of the works are a source of absolute loss. This would perhaps be of the less consequence did it not prove, that trade does not follow the course of the St. Lawrence—and that the Welland Canal itself only yields a revenue from the American trade done through it. The Province now annually contributes from its direct revenue about £250,000 for interest on these works; it also contributes a much larger sum, indirectly, through loans to railways and the support of ocean steamships and tug boats. The whole of these immense annual votes have, as yet, failed to attain their end—of attracting trade to the St. Lawrence—and the effect of so large a demand upon the industry of the country must be very seriously felt, unless relief be found through the attainment of the object. It is not the province of this Committee to make any recommendation as to the mode of effecting so desirable a result, but it is their duty to call the attention of the House to the fact, that from an outlay of about £3,500,000 the Province nominally derives a gross revenue of about £77,695 per annum, while in reality, from the constant demand for repairs and new works, this apparent revenue is far more than absorbed.

The Committee further observe, that in the statement of works yielding revenue, appear certain harbours and roads which, by the statements furnished, have been sold, and the sums received have been paid on account of such sales. This ought to be corrected.

FINES AND FORFEITURES.

LAW FEES.

The Committee submit statements of arrears due by sheriffs and others. They suggest that the law officers of the Crown should exact greater punctuality. They also remark that in various cases proceedings have been taken. Dismissal from the public service should follow continued neglect to make the returns required by law.

CASUAL REVENUE.

With the exception of a small amount of fees—the income from casual sources—arises from interest on Funds in Banks :

In 1856.....	£3,558 15 0
In 1857.....	1,772 4 0

No interest appears to have been paid by the Bank of Upper Canada, and the whole amount received seems small, but Your Committee have not yet been able to examine this subject closely. The premium on debentures appears to have realized

In 1856.....	£53,091 13 8
In 1857.....	46,846 18 3

In future the Committee think the accounts should show distinctly the terms on which debentures have been sold. A return of all sales is with the accompanying evidence, but it has been received too late from the proper officer to permit the Committee at present to report upon it.

EXPENDITURE.

By the Public Accounts it would appear that all expenditure was included in Statement 12, but this is by no means the case, and Your Committee have, in many instances, been glad to avail themselves of Mr. Inspector General Cayley's statement, No. 1, prefixed to the accounts, where the aggregate outlay under various heads is shown. This statement includes all the unprovided items, which otherwise do not appear under their respective heads. Even with the assistance of this statement, and the evidence of various public officers—it has been impossible for Your Committee to effect a complete analysis of the expenditure and they therefore trust that the future accounts will, as has been stated in Mr. Langton's testimony, be made to comprehend every item of expenditure. In no other way is it possible for any Committee to effect a proper and rigid scrutiny of the accounts. In evidence of this, Your Committee remark that in the statement of expenditure No. 3, no entry appears of the following large items :

Interest on Bonds issued to Railway Companies.

Interest paid on account of Municipalities.

Outlay on Public Works.

Settlement of Clergy Reserve Fund—Seigniorial Fund—and others.

These particulars are no doubt in some part of the Public Accounts, but not in that form to permit the Committee to judge accurately of their bearing on the finances of the country.

INTEREST ON PUBLIC DEBT.

The evidence herewith will show the mode in which this interest is paid both in England and in Canada, and the mode in which the same is checked and audited. The Committee remark, with pleasure, that the accounts for 1857 are made out in a much more satisfactory and explanatory form under this head than formerly. It appears, however, that a statement should be required from the London agents, showing whether any and what unclaimed dividends remain due. The whole amount appears charged as paid, and your Committee have not been able to ascertain whether in fact this has really been done to the holders of the Debentures.

The Committee must remark, however, that under this head they find charged as paid in London interest on £150,000 sterling of Municipal Loan Fund Debentures. The Committee are at a loss to know why these payments do not appear under the same head as other payments on these special accounts. At present they appear improperly entered, but Your Committee will make further inquiry into this point.

CIVIL GOVERNMENT.

Outlay in 1856.....	£48,530 10 2
" 1857.....	51,012 19 5
Increase.....	£2,482 9 3

CONTINGENCIES OF PUBLIC OFFICES.

In 1856	£10,746	0	0
In 1857	15,053	10	9
Increase.....	£4,307	10	9

Your Committee would remark that the cost of Civil Government and contingencies does not agree with Mr. Cayley's statement referred to, as in that statement they are united; but in the Public Accounts they are separate. The amount shown in his statement is somewhat larger than the above.

The Committee desire to call attention to Mr. Harrington's testimony on the subject of the contingencies. It appears that no control exists over the outlay which is made by each department at pleasure, and in several important departments does not even go through the limited check of that gentleman's supervision. This system ought to be immediately arrested, and proper authority obtained before any such outlays are incurred. The Committee observe a constant and very large increase in this charge upon the public—in many cases for items which cause their surprise—no doubt an increase must take place commensurate with that of the labor in the several departments, but a check should be imposed to prevent abuses which it may be feared do now arise.

ADMINISTRATION OF JUSTICE, CANADA EAST.

In 1855	£63,961	12	5
In 1856	67,002	14	2
In 1857	76,018	11	10

This, however, does not show the entire outlay, much of which is under the head of unprovided items. Mr. Inspector General Cayley states the amount to be

In 1855	£72,099	4	1
In 1856	81,582	16	4
In 1857	96,632	8	5

The Committee cannot fail to remark upon the great and rapid increase in this charge, and which, in their opinion, ought to be at once checked. Many items are paid in Lower Canada from the Public Funds, while the corresponding items are paid by the Municipalities in Upper Canada. This will be fully shown by a comparison of the outlay in each section for 1857—

Canada East	£96,632	8	5
Canada West.....	52,865	19	8

Immediate attention appears to be necessary for equalizing these sums, by a reduction of the charge for Canada East.

Some items taken from the Public Accounts require remark :

Sheriffs and their contingencies cost in 1856.....	£21,019	18	8
do do do 1857.....	29,945	8	4

These sums seem excessive, and require the strict supervision of the Law Officers of the Crown.

Coroners and Inquests cost in 1856	£3,707	16	10
do do 1857	5,033	8	8

By the evidence of Mr. Langton, the Auditor, it appears that a different and much larger scale of remuneration exists for these officers in Lower Canada than in Upper Canada.

The Committee suggest that the system should be assimilated to that of Upper Canada.

For Fees to Crown Counsel there was paid,

In 1856	£1,453	16	10
In 1857	2,664	2	6

The Committee are not aware how far these duties could properly have been discharged by the Law Officers, but they express the hope that in future these charges will not appear to the same extent.

The Rural Police Force has cost,

In 1856	£3,922	4	0
In 1857 ...	3,817	13	4

The Committee think the whole or greater part of these charges should be devolved upon the Municipalities.

Some items appear under this head which might with propriety be charged as Miscellaneous, such as Commission on Quebec Turnpike Trust, also on Montmorenci Bridge, and others.

ADMINISTRATION OF JUSTICE—CANADA WEST.

By MR. INSPECTOR GENERAL'S STATEMENT.

In 1855	£46,249 14 2
In 1856	52,958 0 10
In 1857	52,865 10 8

The Committee are much pleased to observe that no increase has taken place since last year under this head.

Fees to Crown Counsel were,

In 1856	£3,066 0 7
In 1857	2,970 11 8

On which the Committee make the same remark as upon the corresponding item in Lower Canada.

Penitentiary.

The evidence of the Auditor shews that but a very imperfect check exists upon the accounts of this Institution, but the Committee have no doubt that that officer having had his attention called to the fact, will endeavour to supply what is wanting.

The annual vote for this Institution is yearly increasing, and is now greatly in excess of what it was in 1851 to 1854. Your Committee have not been able to take evidence upon this point; no doubt it partly arises from the greater number of convicts, and the necessity of providing additional accommodation for them, as well as for their maintenance.

EXPENSES OF THE LEGISLATURE.

In 1856.....	£118,495 5 5
In 1857.....	128,959 14 4

This item shews a steady and considerable increase, to which the attention of the House is respectfully directed. It is not the province of this Committee to criticise the expenditure authorized by the House, but it is certainly important that all practicable reduction should take place.

Some items are charged which do not properly come under the head of expenses of the Legislature, such as

Revision of Statutes, 1856	£4,731 8 7
do do 1857.....	2,900 0 0

EDUCATION—CANADA EAST.

Salaries of Superintendent, Clerks, and contingencies, 1856.....	£2,624 0 11
do do do 1857.....	3,239 17 9

School purposes, 1856.....	£59,743 17 3
School purposes, 1857	48,566 16 9

Education—Canada West.

Salaries, &c., in 1856	£2,611 17 1
To which other salaries were also charged against Special Fund, £1,125 0 0	
Do total, 1857.....	3,847 3 5
Outlay, School purposes, 1856.....	37,411 2 2
This amount does not, however, cover the outlay from Special Fund.	
Outlay in 1857.....	62,388 17 2

Your Committee have been engaged in a protracted enquiry into the circumstance of the Chief Superintendent, C. W., having retained for his own use the interest on certain public funds in his hands. The evidence taken therein up to this time, is submitted herewith, but as the investigation is not yet closed, Your Committee are not now prepared to report thereon.

Agriculture.

In 1856..... £17,455 13 3
In 1857..... 22,518 1 1

The Committee only desire to draw attention to the increasing charge under this head.

Hospitals and Charities.

In 1856, statement per Inspector General..... £41,259 9 6
In 1857 46,605 0 3

The Committee feel called upon to remark upon the rapid increase in the charge under this head, which was

In 1854..... £22,125 15 6
In 1855..... 39,769 4 10
And in 1857 46,605 0 3

In the present state of the Provincial Revenue, it may be well to consider how far the efficiency of institutions so valuable in their nature can be maintained at a lower charge upon the Public Exchequer.

Geological Survey.

In 1856 £5,481 14 7
In 1857 6,596 12 6

The extreme value of this Department to the Province renders the Committee reluctant to recommend any change which would at all impair its efficiency.

Militia and Enrolled Force.

In 1856, per Mr. Cayley's statement £43,722 12 1
In 1857 do 48,732 13 3

The average cost of the militia for ten years previous to 1855 was but little over £2,000 per annum. Your Committee are aware of the very valuable and efficient force now organized, but they would draw the attention of the House to the circumstance that it was expected the whole or greater part of the charge would be covered from sales of ordnance property. This does not appear to have been done to any extent, and it is a subject fit for consideration whether an effort should not be made to meet further outlay under this head by sales of portions of that property.

Light Houses and Coast Service.

In 1856, per Mr. Cayley's statement £28,608 2 10
In 1857 34,268 17 11

These sums merely represent the cost of maintaining the light houses. In addition very large sums appear in the outlay of the Board of Works for erecting light houses both in Canada East and West.

In 1856..... £60,321 3 8
In 1857..... 54,715 4 8

Your Committee have not yet been able to examine the details of these charges. The necessity of providing proper lights, both for the Lower St. Lawrence and for the Upper Lakes, for the protection of commerce requires no remark, but Your Committee suggest that a strict supervision be held over the outlay. The memorandum of Mr. Dubord, a member of Your Committee, which appears on their minutes, indicates the necessity of an enquiry into the particulars of this expenditure.

Emigration.

In 1856, per Mr. Cayley's statement..... £9,806 2 3
In 1857..... 5,808 17 1

It is satisfactory to note a reduction in this charge.

Pensions.

In 1856	£9,820	8	0
In 1857	11,672	17	1

A statement of the Militia Pensions is submitted.

Public Institutions.

In 1856	£8,322	5	0
In 1857	9,436	12	9

The mode of audit is shewn by the evidence.

Ocean and River Steam Service.

In 1856	£39,849	17	10
In 1857	55,447	9	9

The Committee have not investigated the particulars of these charges.

Police.

In 1856	£4,733	9	1
In 1857	5,818	8	9

Miscellaneous Printing.

In 1856	£2,095	19	8
In 1857	2,901	15	9

Public Works and Buildings.

In 1856	£92,787	16	6
In 1857	73,295	1	11

A large amount in each year appears expended on account of the Government buildings. The particulars of these charges the Committee have not yet been able to investigate.

Seigniorial Fund.

In 1856	£50,923	8	8
In 1857	42,341	17	6

A large proportion of this outlay appears to be for expenses of the Commission. It is hoped that this portion of the charge will speedily cease.

Indian Annuities.

In 1856	£8755	0	0
In 1857	8,855	0	0

Your Committee, while devoting their best efforts to a complete examination of the accounts, have found it quite impossible to subject the remaining items to investigation. It is proposed to continue their labors, and if practicable, to take evidence and report upon the remaining heads of accounts before the close of the Session.

Your Committee are fully impressed with the importance of subjecting the expenditure contained under the Miscellaneous head, as well as the various "Deductions from Revenue," including the Post Office accounts, to a strict examination. The outlay by the Board of Works is a subject to which they desire to give special attention.

The result to which your Committee have arrived may be briefly stated. They are glad to perceive a continued improvement in the manner of rendering the accounts, though much remains yet to be done to make them lucid and intelligible. They believe the appointment of the Board of Audit has been productive of much good, and they desire to express their entire satisfaction with the manner in which the Auditor, Mr. Langton, has discharged his duties. They have received from the Inspector General and his assistant, Mr. Dickinson, the fullest information on all points required. On the other hand, Your Committee must call the serious attention of the House to the large and steady increase which is taking place in every branch of the public service. The Revenue has seriously diminished coincidently with an increasing outlay, and your Committee feel it their duty to report that unless

rigid economy be practised, the excess of expenditure over income will become so large as seriously to retard that recovery from the present depression, which, by prudence and economy, may, it is believed, be soon secured.

The Report having been read, on motion of Mr. *Brown* it was

Ordered, That the draft report now submitted by the Chairman be printed for the private use of members.

Hon. Mr. *Cayley* moved, that a first report be made to the House of the proceedings of the Committee to this date, that the report now submitted by the Chairman be such report, subject to such correction as the Committee may agree upon on going over the several clauses *seriatim*.

Mr. *Brown* moved in amendment, that the words "to this date" and all following words in the motion be struck out from the said motion.

The amendment being put was lost on the following division :

Yeas :

Mr. Hogan,
Mr. Foley,
Mr. White,
Mr. Howland,
Mr. Brown, and
Mr. Mattice,—6.

Nays :

Mr. Ferres,
Mr. Simard,
Mr. Buchanan,
Mr. Chapais,
Mr. Le Boutillier,
Mr. Cameron,
Hon. Mr. Cayley, and
Mr. Galt,—8.

Hon. Mr. *Cayley* moved to amend his motion, by inserting the words "amendments and changes," which was agreed to.

Mr. *Foley* moved to add the following words to the motion, "But that this motion shall not be construed so as to prevent the submission for the consideration of the Committee of a substituted report, if such be offered by any members of the Committee.—Carried.

The motion as amended was then adopted.

On motion of Mr. *Brown* it was *Ordered*, That a return be obtained of the several Bills of Exchange in England sold by Government since October, 1854; the parties to whom, and the rate at which each sale was made, and the date at which said exchange was drawn.

Ordered, That a special meeting of the Committee for further consideration of the draft of Report be summoned for Friday next, at 10½ o'clock, A. M.

The Committee then adjourned until Friday, at 10½ o'clock, A. M.

Friday, 4th June, 1858.

The Committee met pursuant to the call of the Chair.

MEMBERS PRESENT :

ALEXANDER T. GALT, Esquire, in the Chair.

The Hon. Mr. CAYLEY,
 Mr. FERRES,
 Mr. WHITE,
 Mr. MATTICE,
 Mr. CAMERON,
 Mr. BUCHANAN,
 Mr. HOWLAND,
 Mr. CHAPAIS,
 Mr. BROWN,
 Mr. SIMARD,
 Mr. FOLEY,
 Mr. HOGAN, and
 Mr. LE BOUTILLIER.

The minutes of the previous meeting were read and confirmed.

The Chairman stated that he had yesterday, in connection with Mr. Foley and Mr. Howland, taken the following evidence of Mr. Milroy, Cashier of the Bank of Montreal, who had attended in compliance with the order of the Committee.

Ques. 257. When did Dr. Ryerson make deposit of funds with the Bank of Montreal, and what was the amount? —The first deposit was made of £2,000 on the 2nd September, 1856. On the 2nd October £1,175 was deposited. These amounts remained in the Bank intact until December, during which month the whole amount, with the exception of £43 19s. 11d., was withdrawn by Dr. Ryerson's cheques. In January, 1857, £146 was deposited, leaving a balance at the end of that month of £186. In February there was a deposit of £641, leaving a balance at the end of that month of £811. During March there was a deposit of £240, leaving a balance of £820, at which time the interest upon the daily balances ceased. The amount of £29 5s. was credited to Dr. Ryerson's account, being the interest on the daily balances from 3rd September till 31st March.

Ques. 258. Have you any means of knowing whether the funds stated were public or private? —I have not; the whole amount was kept in Dr. Ryerson's own name.

The evidence having been read, was ordered to be placed upon the minutes.

Mr. Brown stated that the draft report of the Chairman only reached his hands yesterday at noon, that he had been since engaged in examining documents and preparing an amended report, but had been unable to complete it, and he moved that the consideration of the draft report be adjourned to to-morrow.

Mr. Buchanan moved in amendment, that the investigation of the report be proceeded with but not closed till to-morrow.

Mr. Foley moved in amendment that a number of the members of the Committee have not had placed in their hands printed copies of the draft report

of the Chairman until the hour of meeting this morning, and that as they have not consequently had an opportunity of reading, much less considering its several clauses, it would be unreasonable to proceed with its consideration until that opportunity is afforded, and that the Committee, therefore, do adjourn until to-morrow at half-past 10, A. M.

The motion was carried and the Committee then adjourned.

Saturday, 5th June, 1858.

MEMBERS PRESENT :

MR. BROWN,
MR. FOLEY,
MR. HOGAN.

There being no quorum the Committee stood adjourned until Monday at half-past 10, A. M.

Monday, 7th June, 1858.

MEMBERS PRESENT :

MR. BROWN,
MR. FOLEY,
MR. HOGAN, and
MR. WHITE.

There being no quorum the Committee stood adjourned until to-morrow, at half-past 10, A. M.

Tuesday, 8th June, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

The Hon. MR. CAYLEY,
MR. BROWN,
MR. J. CAMERON,
MR. LE BOUTILLIER,
MR. FOLEY,
MR. CHAPAIS,
MR. FERRES,
MR. MATTICE,
MR. SIMARD,
MR. BUCHANAN, and
MR. WHITE.

Hon. Mr. *Cayley* moved, that in the absence of Mr. *Galt*, Mr. *Ferres* take the Chair.—Carried.

The minutes of the previous meeting were read and confirmed.

The Hon. Mr. *Cayley* being present, the following questions were put to him from the Chair :

(By Mr. *Brown*.)

Ques. 256. Did the Government at any time since your accession to office as Inspector General, lend £10,000 or any other sum to the Cobourg and Peterboro Railway Company?—I will give the answer in writing upon reference to the papers and documents connected with the matter referred to in the question.

(By Mr. *Cameron*.)

Ques. 257. Please state full particulars as to the loan referred to in question 256 when you give your answer in writing?—I will.

(By Mr. *Brown*.)

Ques. 258. From what source did you take the money you so advanced the said Company, and how was the transaction entered in your books?—I will refer to the books and see.

Ques. 259. What security did you receive from the Railway Company for the repayment of the money?—All details shall be included in my general answer.

Ques. 260. Was the Railway Company bankrupt at the time you made the said advance?—I have never been a stockholder or proprietor in the Cobourg and Peterboro' Railway, and am not sufficiently conversant with the facts to answer the question.

Ques. 261. You say you have not been a stockholder of the Cobourg and Peterboro' Railway Company; have you been, or are you now a bondholder, of the said Company?—I at one time held bonds in the Cobourg and Peterboro' Railway Company; I do not now.

Ques. 262. Did you hold bonds of the Company at the time you made the said advance?—I think I first held bonds in December, 1856; I believe the loan to the Company was under negotiation two or three months previous, but must refer to the particulars of the answer I shall give in the first question for dates.

Ques. 263. Was your relative, Mr. D'Arcy Boulton, lessee of the said road, and have you held an assignment of his lease?—Mr. D'Arcy Boulton became lessee of the road to the best of my recollection in the beginning or early part of 1857. He is no relation of mine; we are connected by marriage.

Ques. 264. Was Mr. Boulton President of the road before he became lessee?—Yes, to the best of my knowledge.

Ques. 265. Did Mr. Boulton, while lessee of the road, pay his rent to the Railway Company with their own depreciated bonds, and did you furnish said bonds to Mr. Boulton?—I sold some bonds to Mr. Boulton; I am not aware of the original terms of the arrangement made between Mr. Boulton and the Company, with reference to the lease, so as to speak with certainty, but I have understood that the first proposition that was made with reference to it was, a rental of nine thousand pounds in cash, payable half-yearly, but that the arrangement was subsequently changed to a pre-payment of £10,000 in Cobourg Railway bonds at the time of entering upon the lease.

(By Mr. *Ferres*.)

Ques. 266. Is it to your knowledge that the Company again negotiated the bonds paid them by Mr. Boulton at the same rate as they had taken them from him.—I must answer in the same qualified way, as I have understood that the object of the Company in taking the Bonds from Mr. Boulton was to enable them to release

certain mortgaged property, for the purpose of increasing the securities to be transferred to the Grand Trunk Company.

Ques. 270. What amount of Railway bonds did you sell to Mr. Boulton, and at what rate did you sell them?—Between £4,000 and £5,000, which was paid for chiefly in land; the balance in notes of hand, distributed over five years. I estimate the rate to be about the same that Mr. Romain tendered me in land on King street, a depreciation of from ten to twenty per cent.

Ques. 271. Did the Government make any other advance to the Cobourg and Peterboro' Railway Company besides the sum of £10,000?—The question should properly be, Did the Grand Trunk Company make any other advance than the sum of £10,000? They have advanced larger sums.

Ques. 272. Please explain why the question should have been as you state?—Because all the advances have arisen out of the Grand Trunk Relief Act of 1856, and have been made on the security taken for the Grand Trunk Company.

(By Mr. Ferres.)

Ques. 273. Was any portion of the loan of £10,000, above alluded to, paid to you; did you receive any part of it in any shape?—None was paid to me. I received no part of it in any shape.

(By Mr. Brown.)

Ques. 274. Was the money paid by the Grand Trunk Company, or from the funds of the Province?—The mode of payment will be given in my answer to question 256.

Ques. 275. Are you unable to state now from what source you took the money?—All the moneys were in the first instance advanced by the bank, the particulars will be given in my answer to question 256.

Ques. 276. Did the bank advance the money from public funds, or on its own responsibility?—See my answer to question 256.

Ques. 277. At the time the said advance of £10,000 was made to the Cobourg and Peterboro' Railway Company, had the Grand Trunk Company fulfilled the conditions of the Relief Act of 1856, and become entitled to its benefits?—That will be seen by my answer to question 256.

(By Mr. Ferres.)

Ques. 278. Did you suggest the arrangements made between Mr. Boulton and the Cobourg and Peterboro' Railway Company, or what part did you take in them?—I strongly urged him not to enter into those arrangements; not to become lessee; that I thought he was undertaking an enterprise of far too great magnitude, with not sufficient knowledge of what Railway business was, and that I was most reluctant to assist him in carrying out his arrangements, and nothing but the marriage connexion existing between us, and the appeal he made to me could have induced me to aid his views. I did not desire, indeed at one time I had refused, to allow him to have my bonds.

(By Mr. Brown.)

Ques. 279. Did the Government at any time make a similar advance to the Port Hope and Lindsay Railway Company from the funds of the Province?—The advances made to the Port Hope and Lindsay Railway Company also arose out of the Relief Act of 1856 to the Grand Trunk Company. The moneys were advanced by the Bank, and with regard to further particulars, I will include them in my reply to question 256.

Ques. 280. What was the amount of the said advances to the said Railway Company?—My impression is, that the first advance was £13,000, but I can ascertain the fact, and give it in my answer to question 256.

Ques. 281. Were any similar advances made to the Bytown and Prescott Railway Company from the funds of the Province?—The advances made to the Ottawa and Prescott Railway Company were made much in the same way as the others to which I have already referred; further particulars will be given in my answer to question 155.

Ques. 282. Were all these advances to these several Companies made in the years 1856 and 1857?—I will give the dates in my reply to question 256.

Ques. 283. Please look at the Public Accounts for 1856 and 1857, and point out to the Committee where these transactions are stated.—I will obtain from the Receiver General's Department a statement of the entries made there and hand the information I obtain to the Committee.

Ques. 284. Is it or is it not the fact that the accounts of the Province, as published by your authority, contain no reference to these transactions?—The Public Accounts show the transactions that are recorded in the Inspector General's Books.

Ques. 285. Please explain to the Committee how such large advances could be obtained from the Public Funds without any record appearing in the Inspector General's books?—I have stated that all the advances made to these three companies were based on the Relief Act of 1856, advances in fact made by the Grand Trunk Company, or if not in the first instance made by them, covered by repayments by the Grand Trunk Company. When an advance is made by the Bank, the record of it in the Receiver General's books will depend on the time when it is brought to account by the Bank, and if the advance so made by the Bank is repaid before it is brought to account, it may not come into the Inspector General's books at all.

Ques. 286. Are the Committee to understand that large sums can be advanced from the Funds of the Province by the Bank without a regular warrant passed through the public offices, and duly recorded in the books of the Province?—I have already stated that I will furnish the full particulars in my answer to question 256. The Committee will then be able to judge if large advances are so made, as suggested in the question.

(By Mr. Ferres.)

Ques. 287. How are disbursements made from the public chest?—All disbursements for the public service originate in warrants. These warrants are regularly entered and filed, and checks follow upon them.

(By Mr. Brown.)

Ques. 288. Has cash been advanced by the Bank at the instance and on the responsibility of Government, or any member thereof, without formal warrant, duly recorded in the Inspector General's office, having issued therefor?—If by the question is meant, has there been an Imprest account kept by the Bank, my answer is yes; that an Imprest account has been so kept for years past, and that the present Government and the recent Government have given directions that it should be closed.

Ques. 289. Were the advances to the Railway Companies heretofore referred to made through the medium of this Imprest account system?—Having stated that I would give full particulars in my answer to the first question, with regard to the advances made to the several roads under the Relief Act of 1856, I shall refer the Committee to that answer when furnished for my answer to this.

Ques. 290. Please explain the nature of this Imprest account system, and the practice of payments pursued under it?—Having already stated that this Imprest account has been in existence for years, the best answer I can give the Committee is a Report from the Deputy Inspector General of the nature of it, and of the principal items that have composed it.

Ques. 290. Cannot you answer the question of your own knowledge, without reference to your Deputy ; if so, please do so ?—Now, that I recollect, a history of the Imprest account is given in the Public Accounts Committee reports of 1855 and 1856, I therefore refer to those reports for the details and items of the Imprest account.

Ques. 291. Cannot you give an explanation of the system of your own knowledge without reference to any other authority ; if so, please do so ?—The Imprest account consists of advances made by the Bank. The particular class of advances is fully described by the Cashier of the Bank in the Reports to which I have referred.

Ques. 292. Is there a record kept in the Inspector General's books of all transactions under this Imprest system ?—We have no record in the Inspector General's office called or considered as the record of the Imprest account. The record kept in the Inspector General's office is a record of transactions when they are completed.

On motion of Mr. *Brown*, it was

Ordered, That the Inspector General be requested to furnish a statement of all monies advanced under this Imprest system since he last resumed office in September, 1854.

Ordered, That *T. G. Ridout*, Esquire, Cashier of the Bank of Upper Canada, — *Reynolds*, of the Great Western Railway Company, and Mr. *Dickinson*, Deputy Inspector General, be summoned to attend the Committee to-morrow.

Hon. Mr. *Cayley* moved, That the Committee do now adjourn until Thursday next.

Mr. *Brown* moved in amendment, That the Committee do now adjourn until to-morrow. Which was carried upon a division.

The Committee accordingly adjourned until to-morrow, at half-past 10 A. M.

Wednesday, 9th June, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

MR. HOGAN,
MR. FOLEY,
MR. MATTICE,
MR. LEBOUTILLIER,
MR. J. CAMERON,
MR. BROWN,
MR. BUCHANAN, and
MR. CHAPMAN,

On motion of Mr. *Brown*, Mr. *Hogan* took the Chair.

The minutes of the previous meeting were read and confirmed.



T. G. Ridout, Esquire, Cashier of the Bank of Upper Canada, being in attendance in compliance with the order of the Committee, the following questions were put from the chair :

Ques. 294. Are you Cashier of the Bank of Upper Canada?—Yes.

Ques. 295. Did you keep an account with Dr. Ryerson, as Superintendent of Education, and did he at any time withdraw that account, or a portion of it, from your Bank?—There has been an account for several years, with Dr. Ryerson. We understood that at one time he deposited some funds in the Bank of Montreal, but did not know how he did it ; we objected to his depositing the money in another bank ; we found out the fact by seeing his official cheques on the Bank of Montreal ; no reason was given for making the change ; we understood that he had so deposited £2,000.

(By Mr. Brown.)

Ques. 296. Was the account kept by Dr. Ryerson a private or an official account?—One account was, Rev. E. Ryerson, Council of Public Instruction ; the other was, Legislative School Grant. Official checks were drawn in both capacities.

Ques. 297. Was it your habit to allow interest on current deposit accounts, or had you a special agreement with Dr. Ryerson?—It is not our custom. It is only done on special agreements. There is no instance on record of interest being allowed on the public account of any other public officer.

Ques. 298. Was this agreement made with Dr. Ryerson at the opening of the account or afterwards?—The agreement was made with Mr. Hodgins some time after the opening of the account. I do not recollect saying anything to Dr. Ryerson about it.

Ques. 299. When you made the agreement with Mr. Hodgins, did you understand that the interest you agreed to pay was to go into the private pocket of Dr. Ryerson?—I did not know anything about that. The interest was carried to the public account. I thought for a long time it was for the benefit of the two public accounts in his name.

Ques. 300. Do you recollect in what shape Dr. Ryerson made his deposits—were they entirely in the shape of Government warrants and proceeds of sales by the Educational Book Depot, or did they include his private deposits?—We had no means of making any distinction. The reason we left off paying interest was because we began to think it was for his private benefit.

Ques. 301. Are you aware if Dr. Ryerson drew cheques on those official accounts for his own personal and private transactions?—I do not know that he did.

(By Mr. Cameron.)

Ques. 302. Had you any conversation afterwards with Dr. Ryerson on the subject of this interest, and did he on any occasion refer to Mr. Hincks, or any other officer of the Government, as having given any authority for his having taken these sums for his own use?—I never had any such conversation.

(By Mr. Brown.)

Ques. 303. Has the Bank of Upper Canada been in the habit of paying money at the instance and on the responsibility of Government without a regular warrant previously issuing and an official cheque drawn on the Bank for the amount?—There have been a few advances made upon requisitions covered afterwards by warrants. These advances are not all covered yet. They are not charged to the Receiver General, but are charged to the Imprest account. The transactions under that account for the last two or three years have been much reduced.

Ques. 304. Do you hold the Government responsible to make good this Imprest

account, and if so, within what time?—We do hold the Government responsible to make good this Imprest account, but at no limited time, and we charge no interest on the account.

Ques. 305. Will you be good enough to furnish the Committee with a current account since 1st January, 1856, of this Imprest account, shewing the special services for which advances have been made through its medium?—Yes.

Ques. 306. Do you pay interest on balances at the credit of the Government?—No, not now.

Ques. 307. Is there a Government interest account kept in the books of the Bank, and if so, what transactions does it include?—There is no Government interest account.

Ques. 308. Are you a Director of the Grand Trunk Railway?—I am.

Ques. 309. Are you aware that advances were made in 1856 to the Cobourg and Peterboro' Railway Co., by Government, in anticipation of an aid to the road under the Grand Trunk Relief Act of 1856?—I am not. It did not come from the Imprest account.

Ques. 310. Are you aware that any such advances were made to the Port Hope and Lindsay Railway Company?—I am not.

Ques. 311. Are you aware that any such advances were made by Government to the Bytown and Prescott Railway Company?—There was an advance made to the Ottawa and Prescott Railway Company of £13,000. That was made by the Bank. If other advances were made it was not by the Bank. The Bank opened an account with that Railway, and the Government guaranteed the payment. The advance of £13,000 was not part of the Imprest account.

Ques. 312. Who negotiated that transaction with the Bank; had you a formal letter?—I do not recollect.

Ques. 313. Were any similar advances made by the Bank at the instance of Government and that do not appear in the Imprest account?—We have advanced to the Cobourg and Peterboro' Railway, and to the Ottawa and Prescott Railway sums of money which will be repaid out of the subsidiary loan money as soon as the Grand Trunk have received and approved of their securities. That is not in the Imprest Account, and was no part of the Government money. The Grand Trunk pay the money.

Ques. 314. Can you state the amount of these advances?—It is not very far short of the full amount, nearly £20,000 to the Cobourg and Peterboro' Railway, and to the Ottawa and Prescott Railway Company, including the £13,000, upwards of £40,000.

Ques. 315. Did you make these advances on the application of Government?—At the recommendation of Government.

Ques. 316. Has the Bank any security for the repayment of the money?—We have money paid by the Grand Trunk lying at the credit of a separate account to cover these items, as soon as the matter is completed.

Ques. 317. Was that money so deposited by the Grand Trunk previous to the advances being made to the Cobourg and Prescott Roads?—It was previous to some part of it being deposited.

Ques. 318. Should those two Railway Companies fail to give the Grand Trunk Company satisfactory security for the repayment of the money, would the Bank be entitled to look to the Government for relief?—I think the Bank would have a fair claim against the Government.

Ques. 319. Does not the Bank hold the authority of the Government for the advances?—Yes, in the shape of a requisition of some kind.

On motion of Mr. Brown, it was

Ordered, That Mr. Pennefather and Mr. Reiffenstein be summoned for tomorrow.

The Committee then adjourned for want of a quorum.

Thursday, 10th June, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

HON. MR. CAYLEY,
MR. FERRES,
MR. CHAPAIS,
MR. WHITE,
MR. BUCHANAN,
MR. STARNES,
MR. J. CAMERON,
MR. SOMERVILLE,
MR. HOGAN, and
MR. BROWN.

Mr. *Ferres* took the Chair.

The minutes of the previous meeting were read and confirmed.

Mr. *Buchanan* moved, seconded by Mr. *Chapais*, That Mr. *Ferres* shall be the Standing Chairman until the return of Mr. *Gall*—This resolution being necessary from a misunderstanding on the part of some members of the Committee.

Mr. *Brown* moved, in amendment, that the name of Mr. *Ferres* be struck out, and that of Mr. *Starnes* inserted.

The amendment was put and lost on the following division :

Yeas.

Mr. White,
Mr. Brown,
Mr. Hogan,—3.

Nays.

Mr. Starnes,
Mr. Buchanan,
Mr. Somerville,
Mr. Chapais,
Mr. Cameron,
Mr. Cayley,—6.

The main motion was then put and carried on the following division :

Yeas.

Mr. Buchanan,
Mr. Starnes,
Mr. Somerville,
Mr. Chapais,
Mr. Cameron,
Mr. Cayley,—6.

Nays.

Mr. White,
Mr. Brown,
Mr. Hogan,—3.

Mr. *Starnes* moved that the Committee meet every day at a quarter before 11 o'clock, a.m.—Carried.

Mr. *Pennefather* and Mr. *Reiffenstein* attended in compliance with the order of the Committee.

The following question was put to Mr. *Pennefather* :

(By Mr. *Brown*.)

Ques. 320. Can you furnish, for the information of the Committee, a statement of all investments made for the Indian Fund since 1st January, 1855, showing the date of each purchase, the person from whom made, and the price paid for each security; also showing the sale of all securities belonging to the said Indian Fund from the date aforesaid, the party to whom sold, and the price obtained?—*Ans.* I will furnish the information.

The witness then withdrew.

Mr. Mattice entered the Committee Room.

Hon. Mr. *Cayley* handed in the following answers to questions 255, 256, 257, 258, 275, 277, and 278 :

"Referring to the official documents, I find that an Order in Council was passed on the 6th July, 1856, on the application of the President of the Prescott and Ottawa Railroad, and from the Cobourg and Peterboro' Road, praying for an advance on account of the aid secured to them by the Grand Trunk Relief Act of 1856, to the effect that such advance would be sanctioned, in anticipation of its being covered by the Grand Trunk Company, on securities to be approved of by the Engineer and Solicitor of the Grand Trunk, and Mr. Smith, the Solicitor General for Upper Canada, the amount of such advance on the whole not to exceed the sum lying in the Bank to the credit of the marriage license fund; such securities to be held by the Government until the advance should be repaid by the Grand Trunk.

"The first advance on this order was made to the Ottawa and Prescott Road, to the extent of thirteen thousand pounds. The money was not paid on a warrant, but carried to the Imprest account, or some special account by the Bank of Upper Canada, and charged as an advance made on account of the Government until covered by a deposit by the Grand Trunk Company to the credit of the subsidiary lines account. This deposit was made in June, 1857. The security taken for this advance was on rolling stock in the name of the Solicitor General, and the immediate aid was pressed to prevent the sale under execution of a portion of the rolling stock of the Company. No advance was at that time made to the Cobourg and Peterboro' Road, for reasons which will appear presently.

"On the 16th October, 1856, Mr. Covert, the President of the Cobourg and Peterboro' Railroad, renewed their application for assistance to the extent of £10,000, and was answered that assistance would be given on good and sufficient security being furnished.

"On the 9th December, 1856, and the 31st January, 1857, Mr. Keefer, the Engineer on behalf the Grand Trunk Company, reported on the rolling stock offered by the Company, and on the 3rd February an Order of Council passed authorizing the advance of the £10,000, dependent on the report of the Solicitor General for Upper Canada that the necessary documents had been executed and the securities taken on approved titles.

"On the 28th February, another Order in Council passed, instructing the President of the Company, Mr. Covert, to be informed that the Solicitor General had found the securities tendered insufficient.

"On the 4th March, the Solicitor General reports that the securities had been made good; the report was communicated to the President and Directors of the Grand Trunk Company, and being approved by them, the sum of £10,000 was

paid to the President of the Company, Mr. Covert, by the Bank of Upper Canada, on warrant.

"On the 10th June, 1857, the sum of £42,187 sterling, being part of the proceeds of two millions preferential bonds, was deposited by the Grand Trunk Company with the Bank of Upper Canada on account of the subsidiary lines.

"The total sums advanced to the Cobourg Railroad amounted to £16,083 6s 8d. These advances were made by the Bank of Upper Canada on official warrants, and the whole amount was replaced to the credit of the Government on the 15th December, 1857.

"The first advance of £13,000 made to the Prescott and Ottawa Road, to which I have already alluded, having been carried to a special account by the Bank, did not pass through the books of the Inspector General's Department, the sum has since been covered by the deposits of the Grand Trunk Company. All subsequent transactions with regard to these subsidiary lines, and payments or advances to the Port Hope and Lindsay Railroad, have been arranged between the Grand Trunk Company and the Bank without the intervention of the Government.

Answer to No. 275 :

"From information furnished by a member of the Finance Committee of the Grand Trunk Company, it appears that the first subscription of Preferential Stock to the extent of £800,000 took place prior to the meeting of Stockholders in Canada on the 1st September, 1856. The proportion of this subscription, to which the Cobourg Road would be entitled, would be two-fifth of its allotment under the Relief Act of 1856. No advance was made to the Cobourg Road until March, 1857.

"I have been requested to furnish a statement of the Imprest account since I took office. This is an account kept by the Bank and not by the Inspector General, and the Bank alone can furnish an accurate statement from the nature of many of the entries in that account ; for instance, advances made by the Bank on Board of Works certificates, such advances are not known to the Government until an application is made by the Bank for the issue of a warrant. When such warrant issues, the amount is struck out of the Imprest account and is entered in the usual way in the books of the Department, and charged to the service on account of which the money is paid. So with regard to an open credit, when the amounts advanced under such credit are reported to the Government and a warrant issues, the advances cease to form part of the Bank Imprest account, and are entered upon the books of the Department.

"Having answered the questions put to me by the Committee, as fully I believe as can be desired, I beg to add a few words upon the responsibility which the Government of the day assumed, and which all Governments have claimed the right to assume, in giving effect to the intentions of the Legislature. Parliament had declared its desire to assist these subsidiary lines. It had passed an act making it obligatory on the Grand Trunk to hand over to them a portion of the amount to be raised under the Relief Act. The Government stepped in temporarily at a time when such interference was absolutely necessary to save these roads from utter ruin. They adopted the course which, in their opinion, was best suited to secure the object, and which it was perfectly competent for them to take. Every precaution necessary for the protection of the public interests was observed, and they are satisfied that they have been fully borne out by the result."

Hon. Mr. Cayley made the following explanation with regard to his answer to a previous question : "I find in reference to papers that Mr. Covert was President of the Cobourg Railroad in 1856, while the negotiations for aid were in progress. I request this fact may be recorded in a note to my answer No. 263.

Ordered, That a marginal reference be made in the minutes of the answer to the question 263, referring to the above entry.

The following questions were put to Mr. Cayley :

(By Mr. Brown.)

Ques. 321. On what day did the Grand Trunk Relief Act of 1856 receive the Royal Assent?—I beg to refer the Committee to the date given in the Statute Book, which appears to be 1st July, 1856.

Ques. 322. Was the aid proposed to be given to the Prescott and Bytown, and Cobourg and Peterboro', and Port Hope and Lindsay Railway Companies under that Act conditional on £2,000,000 sterling being raised by the Grand Trunk Company and deposited with the Agents of the Province in England?—I beg to refer the Committee to the Act.

Ques. 323. Please look at the Act now handed you and say if the fact is not as stated in last question?—I find no such condition stated in the Act.

Ques. 324. Please look again at the Statute and say if these words do not occur in it: "The Governor in Council shall be and hereby is authorised to carry into effect the arrangement provisionally entered into between the Government of Canada and the said Company based upon the following terms, namely:—
"The said Company shall be authorized to issue preferential Bonds to the extent of two millions of pounds sterling. The holders of such Bonds to have priority of claim over the present first lien of the Province." * * * "The proceeds of the said Bonds shall be deposited with the Provincial Agents in London, and released to the Company on the Certificates of the Receiver General, upon proof to the satisfaction of the Governor in Council of progress of the several works hereinafter mentioned." * * * "To enable the said Company to assist the Port Hope and Cobourg and Prescott Railways as subsidiary lines £100,000." * * * "Provided that the proceeds of the said preferential Bonds to the amount aforesaid be deposited with the Provincial Agents, the interest accruing on the Provincial Debentures issued to the Company shall during the period of five years (being the time necessary for the completion of the works and for the development of the through traffic be advanced by the Province?"—I find those words, certain intervening clauses being omitted. The clauses omitted apparently do not bear upon the point on which Mr. Brown desires information.

Ques. 325. Had you any authority under the said Act to make any advance from the Public Funds for any of the purposes contemplated by the Act?—The advances made, according to my statement in answer to question 255, were made under the direction of the Executive Council, with full knowledge of, and after reference to the Act in question.

Ques. 326. Did the agents of the Province in England advise you, from time to time, of the sale of Preferential Debentures under the said Relief Act of 1856?—All advices in reference to proceedings or transactions under the Relief Act of 1856 were given by the Provincial Agents to the Receiver General.

Ques. 327. Are you aware of the date when the whole £2,000,000 was taken up, or if it has even now been so?—I cannot answer the question from memory. The advices will be found in the Receiver General's Department. My impression is that advices have been received of the entire subscription of the stock.

Ques. 328. Was not the attempt to obtain the £2,000,000 under the said Act of 1856, a failure, and were you not under the necessity of applying to Parliament in 1857 for further relief to the Grand Trunk so as to restore their credit and enable the said loan to be floated off?—In my opinion the Relief Act of 1856 is an essential

feature in the existing arrangement with the Grand Trunk Company. I have no doubt that the Supplementary Act of 1857 furnished greater facilities for raising money.

Ques. 329. You say the first advance made from the Public Funds was £13,000 to the Ottawa and Prescott Railway Company. What was the date of that advance?—I cannot state from memory; the Bank would readily furnish the dates. It must have been soon after the passing of the Order in Council of July, 1856. Sometimes an interval occurs between the direction to pay money and the payment.

Ques. 330. Did Mr. Bell, the acting officer of that Company, apply to you to make the said advance, and did you at first refuse his application?—I had frequent interviews with Mr. Bell, and made him aware that no advance of money could be made except under the direction of the Executive Council.

Ques. 331. Were you afterwards urged by Mr. Daniel Morrison, one of the editors of the *Leader*, to reconsider your said refusal. Did you accede to his solicitation, and are you aware that Mr. Morrison received £700 out of the said £13,000 for his successful negotiation with you?—I have a strong impression that Mr. Morrison called upon me with reference to the application of Mr. Bell. My answer to him would have been of the same tenor with that given to Mr. Bell. I have no knowledge, except from the public prints, that Mr. Morrison was a paid agent or received any remuneration.

Ques. 332. Can you furnish the Committee with a copy of the security obtained from the Ottawa and Prescott road for the advance of £13,000?—The securities were at no time in the possession of the Inspector General's Department, but I have no doubt that a copy or list of securities can readily be obtained on application to the Solicitor of the Grand Trunk Company.

Ques. 333. Who acted for the Government in examining the securities taken for the repayment to the Province of the said sum of £13,000?—Mr. Solicitor General Smith, who was directed to report on and take all the securities. It was on his report the security was taken.

Ques. 334. Are you aware that, while so acting for the Province, Mr. Solicitor General Smith received a fee of £100 from the Railway Company for his services in the said examination?—To the best of my recollection, Mr. Smith stated from his seat in Parliament that he charged his professional services to the Company, and had been paid by them.

Ques. 335. Had he not been called upon by Government to make the said examination in his official capacity as Solicitor General?—In my answer to ques. 255 I stated that Mr. Solicitor General Smith was directed to examine and report on the securities. I am not aware that any special formality in issuing his instructions was observed.

Ques. 336. You say that on the 28th February, 1857, Mr. Solicitor General Smith reported the securities of the Cobourg and Peterboro' road insufficient, and again, on the 4th March, that they were made good. Are you aware if the Cobourg and Peterboro' road also feed Mr. Solicitor General Smith for so reporting on their securities?—The terms of your question would seem to imply that Mr. Smith altered his report in consideration of a fee. I have therefore to state that additional securities were offered between the two periods mentioned in the question, and in Mr. Smith's opinion were amply sufficient to cover the proposed advances. I have no doubt that Mr. Smith's professional services were remunerated by the Company, as in the case of the Prescott and Ottawa road, but I am not aware to what amount.

Ques. 337. What securities were offered on 28th February, and what on the 4th March?—I cannot state from memory, but there is no difficulty, upon reference to Mr. Smith, the Cobourg Company, or the Grand Trunk in obtaining a statement of

them. My impression is, that Mr. Covert's personal bond formed a portion of such security. The securities taken comprised rolling stock, part of the station grounds, landed property of the Company, and personal security.

Ques. 338. Was the sum of £42,187 deposited as you say on the 10th June, 1857, the first portion of the Relief Act actually obtained from the two million loan in aid of these subsidiary roads spoken of?—To the best of my knowledge.

Ques. 339. Up to the time when this sum was so deposited, what amount of the public funds had been taken from the public chest and given in aid of the said subsidiary lines?—It is my impression that the sums I have named in my answer to question 255 composed nearly the full amount advanced by the bank under the direct instruction of Government; I believe that the advances which have been since made, have been carried directly by the Bank to the account of the Grand Trunk Company.

Ques. 340. Has the Grand Trunk Railway Company accepted the securities of the said subsidiary lines, and relieved the Province of its liability for its advances?—Instructions were given some months ago for the transfer of the securities to the Grand Trunk solicitor; I am not aware what action has since been taken in reference thereto, and would suggest that the information should be sought for from the President of the Grand Trunk Company.

Ques. 341. The Cashier of the Bank of Upper Canada has stated to this Committee that advances have now been made by the bank to the said subsidiary lines to the extent of £100,000 on the requisition of the Receiver General of the Province; that a similar sum is lying to the credit of the Grand Trunk Company with the bank; but that the Grand Trunk has not yet accepted the securities tendered, and that the said deposit cannot be touched until they do accept, and that failing their acceptance the bank looks to the Province to protect it in the transaction; is this correct?—I refer to the President of the Grand Trunk Company.

Ques. 342. Is the President of the Grand Trunk Company, your colleague, the Receiver General of the Province?—Yes; he is now Receiver General.

Ques. 343. Mr. Ridout has stated that he made said advances on requisition of the Receiver General; are the said requisitions before issued entered in your books as Inspector General?—Copies of orders in Council authorizing the advances to which I have already referred are filed in the Inspector General's Department; another copy is also filed in the Receiver General's Department; I am not aware that we have any other record of the advances made by the bank except the warrants to which I have already referred, on which the advances were made to the Cobourg and Peterborough line. I was not present when Mr. Ridout gave his answers to the Committee, or I should have asked him to be more precise with reference to the requisitions to which he has alluded.

Ques. 344. Are the Committee to understand that Mr. Ross, Receiver General, could, on his own personal requisition, draw money from the public funds of the Province in his own favor as President of the Grand Trunk Company without a special warrant passing through the books of your office?—By no means; I am not aware that any answer of mine would warrant such a conclusion; I am not aware that any requisition has at any time been made by any member of the Government for any service or for any amount not previously sanctioned by the Executive Council.

The Chairman then read the following communication from Dr. Ryerson:—

To the Chairman of the Committee on Public Accounts.

SIR,—The Committee on Public Accounts having kindly ordered me to be furnished with copies of letters and statements laid before them by Mr. Langton, on Saturday, the 29th ult., in order that I might make such remarks thereon as I

should judge necessary, I beg, before noticing some of Mr. Langton's statements, to offer three preliminary remarks :

1. That, in financial matters especially, an impugning statement or allusion may be made in a single line which requires considerable time and space to answer.

2. That as each new fund was created in the progress and development of the school system, a separate account was opened with that fund, and it was not applied to any other purpose than that for which it had been created, except in three cases, by the sanction of the Governor General in Council. The balance therefore to the credit of each fund, might be small, while the aggregate balance of all of them might be considerable. The due fidelity and diligence in the management of each fund, and the causes and circumstances of any balances remaining at its credit at any time, can only be judged of by an examination of the books, correspondence, depositories, &c., relating to such fund, which will be gladly shown to any members of the Committee who may desire to examine them. But the system of separate warrants for each fund was objected to by Mr. Langton, and the warrants have latterly issued *en bloc*, leaving the Department to apportion the gross sum to each fund,—the application for the warrant always stating the several purposes to which it was to be applied.

3. That according to general practice, warrants were applied for and issued as the sums granted became payable according to law ; and an account of the balances of each fund, together with the accounts of expenditure and vouchers, was sent in annually to the Inspector General's office for audit, as they now are quarterly.

In remarking upon Mr. Langton's statements, I notice first that which relates to expenditures and balances, dated 12th February, 1856. On the receipts and expenditures of the grants for Libraries and the Museum, I have remarked in a previous statement. In regard to the other funds mentioned, some of them are paid out half yearly,—the one half in January, the other in July. The warrants for the half of those funds, payable on the 31st December, issue a short time before the close of the year, and the amount appears as a balance at the bank at the end of the year, though paid out forthwith, and belonging to the previous year's expenditure. It is therefore fictitious to represent such balances as the excess of the receipts over the expenditures of the year.

Then in respect to the fund for the support of the Normal and Model Schools, it has been my aim from the beginning to keep each year's expenditure within the income, so as, if possible, to have a balance for repairs of the buildings, and salaries for additional masters when necessary, or increase of salaries, or gratuities in times of dear living. It might be supposed that so managing as to keep the expenditures of these institutions for ten years within their income, and yet maintain them efficiently, would be a ground of congratulation and praise to my department rather than of imputation against it.

I next advert to Mr. Langton's letter to the Honorable the Inspector General, dated 31st December, 1855, commencing as follows : " Sir,—With respect to the application of the Superintendent of Education, Canada West, for the issue of warrants quarterly, in advance, on account of certain annual appropriations, upon the ground that he has been requested by me to furnish quarterly accounts of his expenditure, I beg leave to report, &c. Mr. Langton does not furnish a copy of the application, or the reasons assigned for it, or a correct summary of it as appears in the Order of Council, which would have shown that it proposed the issue of warrants quarterly in advance for monies to be expended in the course of the quarter ; but Mr. Langton proceeds, as usual, to give the gross balances on each of the several funds at the close of the years 1854 and 1855—the introduction of the letter being evidently intended to show that the sole object of the application

was to increase the balance in the bank at interest. On this letter I have but two remarks to make. That the "application" was not made by the "Superintendent of Education, Canada West," but by the Deputy Superintendent—the "Superintendent of Education, Canada West" being at that moment in Munich in Southern Germany. That the application was made three weeks after the bank had ceased to pay any interest on deposits, and it could not, therefore, have been made with the object attributed by Mr. Langton.

It now remains for me to notice the letter of Mr. Langton to the Honorable the Inspector General, dated 2nd January, 1857—a letter in which Mr. Langton animadverts upon my conduct with great severity, and makes statements calculated to damage me in the estimation of the Government, as also in the estimation of the Committee. Of even the existence of that letter or report respecting my own conduct, I had no knowledge until within a week; nor had I seen a word of it until I saw the copy furnished me by the Committee. On the general tone and character of the letter I will say nothing; but I will select for remark and reply its two most injurious statements—which are contained in the following sentences:

"As to the Common School Grant it will no doubt frequently happen, that the payment of money of the Municipalities will be delayed from their own negligence for many weeks, although the Superintendent must have the whole amount apportioned on the 1st of July; but there would be no occasion to draw £24,642 10s. 6d. in May, as was done in the year 1855, although no portion of it could be expended until July. Still less could there be any good reason for applying for money which was never apportioned at all; yet on the 9th of March, 1855, the Chief Superintendent received £6,000 to be apportioned amongst Common Schools which was not so apportioned in the following July; nor was any portion of it expended until after July, 1856."

First, as to the former of these statements, there is not the shadow of a foundation for it. Of this Mr. Langton could and should have satisfied himself by referring to the dates of the warrants issued in the Inspector General's Department. In a rough departmental memorandum of warrants received in 1855, I find in the margin opposite warrants for the school grants of that year, the words May and June, both written. I understand that a copy of this memorandum was sent to Mr. Langton, I being absent from the country at the time. It is possible the clerk may have written May for June, and Mr. Langton has forthwith seized upon it without any further audit of warrants, to make a perfectly unjust and unfounded attack upon me. My own letter, notifying and enclosing a copy of the apportionment in detail to the several Counties, Townships, Cities, Towns and Villages of Upper Canada, to the Honorable the Inspector General, as below, was dated the 16th of June; the answer of the Deputy Inspector General is dated 21st June, but not received until the 3rd of July. The aggregate apportionment was £34,442 10s. 2d., divided between Common, Separate, Grammar, and Poor Schools. The following is a copy of my letter to the Inspector General, notifying the apportionment and requesting the issue of the warrant:

EDUCATION OFFICE,
Toronto, 16th June, 1855.

SIR,—As required by law, I have the honor to transmit you herewith the apportionment of the Legislative School Grant for Upper Canada for the current year, amounting in all to £34,442 10s. 6d.

As this apportionment is payable the 1st of July, I respectfully request that His Excellency will be pleased to direct the issue of the warrant for the payment

of the same by 23rd instant, that I may be ready to pay it in Toronto by the 1st proximo.

I have the honor to be, Sir,
Your obedient servant,

(Signed,) E. RYERSON.

The Hon. Wm. Cayley, M. P. P.,
Inspector General, Quebec.

I offer no comments upon Mr. Langton's charge against me in the presence of the foregoing letter and facts.

I now address myself to Mr. Langton's second statement, in which he charges me with "applying for money which was not apportioned at all," and gives as his proof that "on the 9th of March, 1855, the Chief Superintendent received £6000, to be apportioned amongst Common Schools which was not so apportioned in the following July; nor was any portion of it expended until July, 1856."

This statement, which has lain before the Government for more than a twelve-month, to my injury, and which has been laid before the Committee for the same purpose, I will now show to be incorrect in every particular. In the first place the warrant was not for £6000, but for £7500; it was not "to be apportioned amongst the Common Schools," but for other purposes, and was an appropriation actually made for as well as in 1854. To elucidate the whole matter, I beg to state what follows:

In 1853, £10,000 were added to the School Grant, the Upper Canada share of which was appropriated and expended as provided in the Supplementary School Act of 1853. In 1854, as the general revenue increased, I prevailed upon the Government of the day to add £15,000 more to the School Grant, and a draft of bill for the expenditure of the Upper Canada share of that grant was submitted to and approved by Government in the spring of that year; but the Parliament was dissolved in June, and the new Parliament was called together in the autumn, when in December it was adjourned until the end of February, 1855. Before the adjournment in December, the additional School Grant of £15,000 for the School purposes of 1854 was voted, but the bill for its expenditure was not passed. Now, it is the Upper Canada share of that grant that Mr. Langton accuses me of applying for and never apportioning at all. The following is a copy of my letter to the Provincial Secretary proposing the expenditure of that very sum:

(Copy.)

EDUCATION OFFICE,
Toronto, 4th January, 1855.

[No. 17, M.]

SIR,—I have the honor to submit, for the favorable consideration of His Excellency the Governor General in Council, the following recommendation for the disposal of the proportion of the additional grant of £15,000, coming to Upper Canada, which has been made by the Legislature for school purposes, for the year 1854.

The disposal of that sum was provided for in a draft of School Bill which I submitted several months since, and which the Attorney General had intended to introduce and get passed through the Legislature before the adjournment, in order that its provisions might take effect before the end of 1854, as the financial provisions of the bill had been approved, and would have been introduced by the late Inspector General (Hon. Mr. Hincks) into the Legislature in June last, had not the Parliament been dissolved.

The late administration having intended to propose the augmentation of the School Grant for both sections of the Province, and my recommendation as to the

disposal of the additional grant for Upper Canada having been concurred in by Mr. Hincks, and other Upper Canada members of the Government, as early as last spring, I made arrangements accordingly, and intimated to many municipalities my expectation of being able, in a few months, to afford them additional aid towards the purchase of libraries, and the furnishing the schools with maps and apparatus.

I now respectfully request the sanction of His Excellency in Council for the disposal of the sum in question in the manner contemplated by the Draft of Bill referred to, and for which the Bill will make provision, namely,—

1. The sum of £2,000 to furnish schools with maps and apparatus upon the same terms as books are furnished to public libraries.

2. The sum of £1,000 to provide and furnish accommodation for the establishment of the Provincial Model Grammar School.

3. The balance to increase the School Library Grant, so as to apportion one hundred per cent. upon all sums that have been, as well as those that may be, appropriated by municipalities and school sections for Public Libraries, thus adding twenty-five per cent. to what I have already apportioned.

I have the honor to be, &c.

(Signed) E. RYERSON.

The Hon. P. J. O. Chauveau, M. P. P.,
Secretary of the Province, Quebec.

The foregoing letter was followed by another, to the Honorable the Inspector General, of which the following is a copy :

EDUCATION OFFICE,
Toronto, 12th January, 1855.

[No. 191, M.]

SIR,—I beg to request that you will please recommend His Excellency, the Governor General, to issue his warrant in favor of Thomas G. Ridout, Esq., Cashier of the Bank of Upper Canada, subject to my order, for the Upper Canada proportion of the £15,000 additional grant made by the Legislature, before the adjournment, for the school purposes of 1854.

I may observe that, according to population, as ascertained by last census, and according to which the previous Legislative School Grants have been divided between the two sections of Canada, the sum due Upper Canada from the recent grant of £15,000, is £7,750.

In a letter addressed to the Provincial Secretary, and dated the 4th instant, I stated the manner in which it is proposed to extend the sum in question ; and I am anxious to be able, with the least possible delay, to take the requisite steps to add twenty-five per cent. to the nearly 200 public school libraries already established in Upper Canada, to afford corresponding aid to the municipalities and school sections now establishing libraries, and to furnish the schools (both grammar and common schools) with maps and apparatus from week to week.

I have the honor to be, &c.

(Signed) E. RYERSON.

The Honorable W. Cayley, M.P.P.,
Inspector General, Quebec.

To the former, or substantially to both of the foregoing letters, I received the following reply :

SECRETARY'S OFFICE,
Quebec, 5th February, 1855.

REVEREND SIR,—With reference to your letter of the 4th ultimo, submitting for consideration your recommendation as to the disposal at the Upper Canada

proportion of the additional grant of £15,000 made by the Legislature for school purposes in the year 1854, I am commanded by the Governor General to inform you that His Excellency is advised that the money in question cannot be applied as you recommend until the sanction of the Legislature shall have been obtained therefor.

I have the honor to be, &c.

(Signed) E. A. MEREDITH,
Assistant Secretary,

The Reverend Dr. Egerton Ryerson,
Chief Superintendent of Schools for Upper Canada,
Toronto.

But to my surprise, and by one of those unaccountable circumstances that sometimes occur in the administration of Government, I received early in March a letter, of which the following is a copy :

SECRETARY'S OFFICE,

Quebec, 2nd March, 1855.

REVEREND SIR,—I have the honor to acquaint you that the Governor General has had under his consideration, in Council, your letter of the 12th January last, and that His Excellency has been pleased to direct that a Warrant be issued in favor of Thomas G. Ridout, Esq., Cashier of the Bank of Upper Canada, subject to your order, for the sum of £7,500, being the proportion for Upper Canada of the additional grant of £15,000 made by the Legislature for school purposes for the year 1854.

I have to add, with reference to your remark that according to population as ascertained by the last census, the sum due to Upper Canada out of the grant in question is £7,750,—that His Excellency is advised that the extra grant for the year 1853 of £10,000 was divided equally between the two sections of the Province, and that it is desirable that the same plan should be pursued with reference to the present grant.

I have the honor to be, &c.

(Signed) E. A. MEREDITH,
Assistant Secretary.

The Rev. Dr. Ryerson,
Chief Superintendent of Schools, Upper Canada,
Toronto.

Now it will be seen by the foregoing letters that the sum in question was not intended to be distributed amongst the Common Schools, but according to the provisions of a Bill which did not pass and become law until the 30th of May, 1855. The objects of the Act were most diligently prosecuted during the year. School maps and apparatus were procured to a large amount for the Municipalities and School sections. Twenty-five per cent. was added to the libraries already established; but the demands for additional ones during the latter part of the year were some fifty per cent. less than they were the corresponding period of the preceding year, as I have stated in a previous paper. The appropriations under the Supplementary School Act of 1853 proved more than adequate to meet the applications for libraries, and unexpended balances to the amount of nearly £6,000 were added to the next annual apportionment of the School Grant, in order to prevent that of 1856 from proportionally falling below that of 1855, in consequence of the general grant being £10,000 less than I had anticipated, as pointed out by me in a letter to the Honorable the Provincial Secretary, dated June 4th, 1855.

On Mr. Langton's running observations and comments, I make no remark. I trust the foregoing statements and letters are sufficient reply to his charges.

In conclusion, I beg permission to observe, that in deriving an advantage at the pleasure of the Bank from deposits of public money for which I was responsible, I did what I have reason to believe was customary under the former system, though I think the new system is much better than the old—at least I find it a relief to myself. I believe the chief peculiarity in my proceeding was, in my mentioning the circumstance at all, though I think I ought to have made an official communication to the Government on the subject, and obtained permission to do that which I regarded as my right to do without such formal permission. But this I can most truly say in reference to the many attacks made upon me, that had I in all things been as true and careful of my private interests as I have been of those of the public, it would have been very much better for my family than it is.

I have the honor to be, Sir,

Your obedient servant,

E. RYERSON

Education Office,
Toronto, June, 1858.

The Committee then adjourned.

Friday, 11th June, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT:

MR. FERRES, in the Chair.

MR. BROWN,
MR. J. CAMERON,
MR. HOGAN,
MR. WHITE,
MR. STARNES,
MR. FOLEY,
MR. CHAPAIS,
MR. BUCHANAN,
MR. SOMERVILLE, and
MR. LE BOUTILLIER.

The minutes of the previous meeting were read and confirmed.

The Chairman handed in a statement of receipts and expenditure of the Province for 1857, as follows :

Indian Annuities.....	.....	8855 0 0	Debentures issued.....	.....	*856457 18 0
Public Works.....	26376 18 9	187641 18 8	Less—Increased balance against Crown Lands Department, being amounts credited to Government, but not paid..	.....	£2670898 16 0
Public Works and Buildings charged on Special Funds	8222 17 10				
Rents and Repairs, &c., of do .....	.....	34599 16 7			24004 18 1
Colonization Roads.....	.....	27861 18 1			£2652893 17 11
Ocean and River Steam Service .....	.....	32205 12 2	Expenditure of these Departments not met by Revenue nor by advances from the Government—		
Light Houses and Coast Service.....	.....	48004 19 10	Post Office	3254 17 0	
Fisheries	2313 17 0	31955 0 11	Do Money Order Branch.....	893 13 10	
Do charged on Special Fund	470 5 8		Bureau of Agriculture and Statistics	3309 14 1	7458 4 11
Miscellaneous .....	.....	2784 2 2			
Grand Trunk Railroad advance	160000 0 6	20724 6 5	Glyn, Mills & Co, Commutation Account.....	20988 0 1	
Cobourg and Peterborough Railroad advance.	16083 6 8		Do Debenture Account.....	8682 10 6	
Ontario, Simcoe, and Huron Railroad .....	.....	176088 6 8	Do Banking Account.....	316270 8 5	
Railway Inspection Fund.....	.....	56 19 8			345890 19 0
Callings of Timber.....	.....	261 3 3	Baring Brothers & Co., Banking Account .....	.....	252533 3 6
Contribution with Clergy	14235 0 1	15443 13 6			
Uncommuted Stipends, Upper Canada	799 19 2				
Municipalities Fund, Upper Canada .....	.....	15034 19 3			
Improvement Fund .....	.....	98188 2 10			
Redemption of Seigniorial rights .....	.....	16743 11 4			
Municipal Loan Sinking Fund, U. C. expenses	814 2 5	42301 9 7			
Do L. C., do	128 2 9				
Copyright.....	.....	942 5 2			
Quebec Fire Loan .....	.....	271 2 2			
Unpaid Warrants of 1856	50466 15 4	75 0 0			
Less—Warrants of 1857	42444 14 1				
Expenses of collecting—		8022 1 3			
Post Office .....	.....	152951 5 1			
Customs .....	.....	82868 9 8			
Excise .....	.....	2565 16 11			
Public Works collection... £32395 13 2					
Rideau and Ottawa do .. 8119 17 2					
Carried over.....	35515 10 4	2865008 7 1	Carried over.....	.....	3268776 5 4

This amount is exclusive of Debentures to the amount of £242,707 13s. 4d., which have issued on account of the Municipal Loan Funds and the Law of Upper Canada, the Proceeds of which did not come into the Provincial Chest.

STATEMENT of the Receipts and Expenditure of the Province of Canada, during the year 1857.—(Continued.)

EXPENDITURE.	£	s.	d.	£	s.	d.	RECEIPTS.	£	s.	d.	£	s.	d.
Brought over.....	35515	10	4	2865008	7	1	Brought forward.....	.....	.....	.....	3258776	5	4
Public Works repairs £38079 7 0													
Rideau and Ottawa do... 6848 2 8													
Public Works outstanding balances.....	39422	9	3										
	2176	12	9										
Territorial collection and management..... £40851 7 2													
Do Ordnance lands do 1491 0 8													
Do Surveys and Explorations £21181 11 4													
Do Ordnance Lands do 4350 12 8													
Fines and Forfeitures	25582	8	7										
Canal.....													
Special Funds, Marriage License, U. C. ..	138	9	9										
Do Emigration.....	250	0	0										
Do Common School Lands.....	1099	1	5										
Do Grammar School Lands ..	744	15	10										
Do Superior Education, L. C. ..	1065	8	6										
Do Municipalities Fund, U. C. ..	5179	6	0										
Do do L. C. ..	121	15	8										
Do Law Fees, U. C.	2119	11	7										
	10718	8	9										
Baring Brothers & Co, debenture account.....	£8038214	8	0										
Bank of Upper Canada	4911	11	9										
Cash, being increase during the year.....	94152	5	0										
	130498	0	7										
Total.....	£8258786	5	4								3258776	5	4

JOHN LANGTON,

Auditor.

Audit Office, 10th June, 1858.

Ordered, That the Chairman apply for permission for the Hon. J. Ross, a Member of the Legislative Council, to attend this Committee to give evidence in relation to the accounts before the Committee.

Ordered, That C. E. Anderson, Esquire, be summoned to attend the Committee.

Mr. *Reiffenstein* being in attendance, was examined as follows :

By Mr. *Brown*.)

Ques. 344. What office do you hold in the Receiver General's Department ?
—I am a debenture Clerk.

Ques. 345. Are all transactions connected with the purchase and sale of Government Debentures conducted through the Receiver General's Department, and are you the Clerk especially charged with the details of such transactions ?
—All transactions of debentures are carried on through the Receiver General's Department in the purchase of debentures for special funds or otherwise. It is my duty in the Department to carry out the transactions under instructions from the Deputy Receiver General or the Receiver General.

Ques. 346. Please explain what is the practice in selling Debentures or other securities in this country ?—The custom has been that parties when requiring debentures have applied to the Department, either verbally or by letter, and upon their request being acceded to, if sold for cash, the money has been deposited in the bank, and the bank certificate of deposit handed to me, and it has been my duty to prepare the debentures in accordance with the instructions I may receive from the head of the office, which are the terms understood by the parties purchasing.

Ques. 347. Are the Committee to understand that the Deputy Receiver General sells Government Debentures to any party he chooses, and on such conditions as he may think proper, without public advertisement for tenders, or special instructions under Order in Council ?—For any special issue of debentures an Order in Council is the authority under which the Department acts. In some cases these Orders state the parties to whom the debentures are to be sold—the conditions under which they are to be sold, in others it does not. In all Municipal Loan Fund Debentures the sales are under the authority of a special Order in Council. No tenders for debentures have been advertised for for some length of time.

Ques. 348. The Committee observe in an official return that £13,466 2s. 6d. of debentures were sold in 1854 to E. Schreiber, at par ; was that sale made under the special direction of an Order in Council ?—Under the authority of a general Order in Council, that is to say for a re-investment.

Ques. 349. Were these debentures in sterling or currency, and payable here or in England ?—They were in currency, payable here.

Ques. 250. Have you charge of the securities purchased for the special funds of the Province ?—Yes, I keep the register of them. I superintend generally the special fund investment.

Ques. 351. Under what authority are purchases made from time to time on behalf of the special funds ?—There is a general authority for the investment of certain balances, and as the opportunities for investment occur the purchases are made.

Ques. 352. When the Receiver General desires to make an investment for a special fund, does he advertise for tenders, or act on his own judgment, and make private agreements ?—I am not aware of any advertisement having been published

in the purchase of special fund debentures. The Receiver General acts on his own judgment.

(By Mr. *Ferres*.)

Ques. 353. The special funds being Government funds, and the debentures to be sold being in the hands of the Government, is any advertisement necessary?—The debentures and funds being in their own hands, no advertisement is necessary.

(By Mr. *Brown*.)

Ques. 354. Do you mean to say that all purchases of debentures for investment on behalf of special funds have been made by the Government from the Government—or is it not the fact that large purchases have been made from private parties?—There have been purchases made from both; from themselves and from other parties.

Ques. 355. Is it not the fact that large amounts of Municipal Loan Fund Debentures have been purchased by Government within the last three years from private parties at par, while the market price of these securities was considerably below par?—All purchases made by the Government for special funds were made at par. Sometimes during the latter part of the last three years, they have been quoted at 95 and 96.

(By Mr. *Ferres*.)

Ques. 356. Were purchases of debentures made by Government on any other account than for special funds?—Not that I recollect.

(By Mr. *Brown*.)

Ques. 357. In thus buying securities at par, which at the same moment were worth less than par in the market, did the Receiver General or his Deputy exercise entire control as to the parties from whom such purchase was made?—I cannot tell whether they did or not.

Ques. 358. Did you, personally, ever sell to the Government, Consolidated Loan Fund Debentures at par, while the market value was below par?—I have never sold any debentures to the Government.

Ques. 359. Did you not so sell debentures to the Indian Department of the Government?—No, I never did.

Ques. 360. Did you sell any Government debentures to the Indian Department?—I did, but not on my own account. Through me, and at the request of Morrison, then Receiver General, Mr. Zimmerman sold to the Indian Department at two different times, in January and February, 1857, £11,000 of Municipal Loan Fund Debentures, at, I think, 96.

Ques. 361. Had you any interest in the said sale of debentures, or did you receive any profit or commission from the transaction?—I had no interest further than serving a friend; no interest or commission.

Ques. 362. Have you personally purchased debentures from the Receiver General?—I have never purchased debentures from the Receiver General.

Ques. 363. Did you not within the last three years purchase a large amount of Government, or Consolidated Loan Fund Debentures?—No.

The witness then withdrew.

R. T. Pennefather, Esq., Superintendent General of Indian Affairs, being in attendance, handed in, in answer to question 316, the following return of statements of investments made for the Indian Fund since 1st January, 1856:

STATEMENT OF INVESTMENTS

MADE FOR THE

INDIAN FUNDS SINCE 1ST JANUARY 1856.

STATEMENT of Investments made for the Indian Funds since the 1st January, 1856.

Date of purchase or order for investment.	From whom purchased.	Rate.	Description of Security.	No. of Debenture.	Date of Debenture.	Amount.	Total.	When Redeemable.	
June 11, 1856	Instructions to the Receiver General to invest in Consol. Munic. Loan Fund Deben.					£ 5195 0 0	£ 5200 0 0		
Nov. 15, 1856	Thos. G. Hurd	7 per ct. disct.	Municipal L. F. Debs.	4625	July 1, 1856.	500 0 0		July 1, 1876.	On this order, to make the sum even, the Receiver General added £5. This amount, £5,200, was invested at par.
do	do	do	do	4439	Jan. 1, 1856.	100 0 0		Jan. 1, 1876.	
do	do	do	do	4440	do	100 0 0		do	
do	do	do	do	4441	do	100 0 0		do	
do	do	do	do	4442	do	100 0 0		do	
do	do	do	do	4443	do	100 0 0		do	
Nov. 21, 1856	Thos. G. Ridout.	do	do	2247	Mar. 22, 1854	100 0 0	1000 0 0	July 1, 1878.	
do	do	do	do	2246	do	100 0 0		do	
do	do	do	do	2245	do	100 0 0		do	
do	do	do	do	2244	do	100 0 0		do	
do	do	do	do	2808	do	500 0 0		do	
Nov. 26, 1856	Angus D. McDonell.	do	do	3950	May 1, 1856.	100 0 0	900 0 0	do	
do	do	do	do	3951	do	100 0 0		do	
do	do	do	do	3952	do	100 0 0		do	
do	do	do	do	3948	do	100 0 0		do	
do	do	do	do	3949	do	100 0 0		do	
do	do	do	do	3938	do	100 0 0		do	
Dec. 6, 1856	T. G. Hurd	5½ p. c. disct.	do	4657	July 1, 1856.	500 0 0	600 0 0	July 1, 1876.	
do	do	do	do	4658	do	500 0 0		do	
do	do	do	do	4659	do	500 0 0		do	
do	do	do	do	4660	do	500 0 0		do	
do	do	do	do	4661	do	500 0 0		do	
do	do	do	do	4662	do	500 0 0		do	
do	do	do	do	4663	do	500 0 0		do	
do	do	do	do	4664	do	500 0 0		do	
do	do	do	do	4665	do	500 0 0		do	
do	do	do	do	4666	do	500 0 0		do	
do	do	do	do	4667	do	500 0 0		do	
do	do	do	do	4668	do	500 0 0		do	
do	do	do	do	4669	do	500 0 0		do	
do	do	do	do	4670	do	500 0 0		do	

STATEMENT of Investments made for the Indian Funds since the 1st January, 1856.—(Continued.)

Date of purchase or order for investment.	From whom purchased.	Rate.	Description of Security.	No. of Debentures.	Date of Debenture.	Amount.	Total.	When Redeemable.	Remarks.
Feb. 18, 1857.	George Reiffenstein	3 p.c. disc't.	Con. Mun. L. F. Deb.	2998	4th Sept., '54.	£ 250 0 0	£ s. d.	July, 1874.	
do	do	do	do	2999	do	250 0 0	.....	do	
do	do	do	do	3000	do	250 0 0	.....	do	
do	do	do	do	3001	do	250 0 0	.....	do	
do	do	do	do	3002	do	250 0 0	.....	do	
do	do	do	do	3003	do	250 0 0	.....	do	
do	do	do	do	3004	do	250 0 0	.....	do	
do	do	do	do	3005	do	250 0 0	.....	do	
do	do	do	do	3006	do	250 0 0	.....	do	
						6000 0 0			
Mar. 18, 1857.	T. G. Hurd	3½ p.c. disc't.	do	214	January, 1854	Stg. 500 0 0	.....	January, 1874	
do	do	do	do	215	do	500 0 0	.....	do	
do	do	do	do	216	do	500 0 0	.....	do	
do	do	do	do	217	do	500 0 0	.....	do	
						2438 6 8			
Mar. 19, 1857.	do	do	do	218	do	500 0 0	.....	do	
						808 6 8			
Apr. 16, 1857.	T. G. Ridout	4½ p.c. disc't.	do	225	1st April, '54.	500 0 0	.....	1st Jan., 1857	
do	do	do	do	226	do	500 0 0	.....	do	
do	do	do	do	227	do	500 0 0	.....	do	
do	do	do	do	228	do	500 0 0	.....	do	
do	do	do	do	229	do	500 0 0	.....	do	
						8041 18 4			
do	do	do	do	230	do	500 0 0	.....	do	
do	do	do	do	231	3rd Feb., '55.	500 0 0	.....	do	
						1216 18 4			
Apr. 23, 1857.	Edward J. Chesley	4½ p.c. disc't.	Municipal L. F. Deben.	835	1st Aug., '55.	Cy. 100 0 0	.....	1st July, 1875	
do	do	do	do	872	do	100 0 0	.....	do	
						200 0 0			

May 12, 1857.	Thomas G. Hurd	5 p.c. disc't.	do	...	3941	1st May, 1855	100 0 0	.....	do
do	do	do	do	...	3942	do	100 0 0	.....	do
do	do	do	do	...	3943	do	100 0 0	.....	do
do	do	do	do	...	3944	do	100 0 0	.....	do
do	T. G. Bidout	4½ p.c. disc't.	do	...	208	1st April, '54.	Sig. 500 0 0	400 0 0	1st Jan., 1874.
Oct 16, 1857.	Thomas G. Hurd	3½ p.c. disc't.	do	...	551	1st July, 1856	500 0 0	588 4 10	
do	do	do	do	...	552	do	500 0 0		
do	do	do	do	...	553	do	500 0 0		
do	do	do	do	...	554	do	500 0 0		
do	do	do	do	...	555	do	500 0 0		
do	do	do	do	...	556	do	500 0 0		
do	do	do	do	...	548	.....	500 0 0	3650 0 0	
do	do	do	do	...	544	.....	500 0 0		
do	do	do	do	...	545	.....	500 0 0		
do	do	do	do	...	546	.....	500 0 0		
do	do	do	do	...	547	.....	500 0 0		
do	do	do	do	...	548	.....	500 0 0		
Oct 19, 1857.	Order in Council, dated 8th October, 1857, to invest	do	do	...	1431	10th Nov., '57	250 0 0	700 0 0	In Provincial Deben-
April 7, 1858.	Edward J. Chealey	5½ p.c. disc't. Con. Mun. L. F. Deba.	do	...	1432	do	250 0 0	.....	tures at par, to aid
do	do	do	do	...	1433	do	250 0 0		the Law Society in
do	do	do	do	...	1434	do	250 0 0		the construction of
do	do	do	do	...	1435	do	250 0 0		their buildings.
do	do	do	do	...	1436	do	250 0 0		
do	do	do	do	...	1437	do	250 0 0		
do	do	do	do	...	1438	do	250 0 0		
do	do	do	do	...	1439	do	250 0 0		
do	do	do	do	...	1440	do	250 0 0		
do	do	do	do	...	1441	do	250 0 0		
do	do	do	do	...	1442	do	250 0 0		
do	do	do	do	...	1443	do	250 0 0		
do	do	do	do	...	1444	do	250 0 0		
do	do	do	do	...	1407	do	100 0 0		
do	do	do	do	...	1408	do	100 0 0		
do	do	do	do	...	1409	do	100 0 0		
do	do	do	do	...	1410	do	100 0 0		
do	do	do	do	...	1411	do	100 0 0		

STATEMENT of Investments made for the Indian Funds since the 1st January, 1856.—(Continued.)

Date of purchase or order for investment.	From whom purchased.	Rate.	Description of Security.	No. of Debenture.	Date of Debentures.	Amount, Currency.	Total	When Redeemable.	Remarks.
April 7, 1858.	Edward J. Chealey.	5½ per ct. dis.	Con. Mun. L. F. Debs.	1412	Nov. 10, 1857	£ 100 0 0	£ s. d.		
do	do	do	do	1413	do	100 0 0			
do	do	do	do	1414	do	100 0 0			
do	do	do	do	1415	do	100 0 0			
do	do	do	do	1416	do	100 0 0			
do	do	do	do	1417	do	100 0 0			
do	do	do	do	1418	do	100 0 0			
do	do	do	do	1419	do	100 0 0			
do	do	do	do	1420	do	100 0 0			
do	do	do	do	1421	do	100 0 0			
						5000 0 0			
						£ 77687 6 6			

The following questions were then put to Mr. Pennefather :

(By Mr. Brown.)

Ques. 362. Does this return include all the debentures purchased for the Indian Department within the dates named?—Yes, so far as I am aware. Up to October, 1856, the Receiver General made the purchases for the Indian Department, on instructions from that office. After that period the purchases were made directly by the Indian Office. In the first place an advertisement was put in the paper, inviting competition for them, and they have since been purchased as offered

Ques. 363. Can you state the reason why the selection of investments for the Indian Department was taken out of the hands of the Receiver General and assumed by the Indian Department?—Because, looking the matter over, I found we were always charged with the Municipal Loan Fund Debentures at par, when they were at a discount, and I thought it was advisable for the Indian Trust Fund to get the benefit of the discount.

Ques. 364. Have you not, by the change and by the course you have pursued of advertising for purchasers, effected a large saving to the Indian Fund?—I think the average saving has been about five per cent.

Ques. 365. By an official return it appears that the sum to the credit of the Indian Department at this moment is £247,691 9s. 7d.; have you any doubt that had the policy you have followed been taken throughout, a very large sum would have been saved to the fund?—That is my belief.

The witness then withdrew.

Mr. Reynolds, of the Great Western Railway Company, was then examined.

Ques. 366. What position do you hold in the Great Western Railway Company?—I am financial Director.

Ques. 367. Will you explain to the Committee the state of the accounts between the Government and the Great Western Railway Company, and the differences that have arisen between you in regard to the said accounts?—The state of the accounts between the Government and the Great Western Company, as regards the interest on the loan, is, that the Company is in arrear a single half year's interest, amounting to £28,645 5s. 8d. currency, but the Company has a claim on the Government for mail services performed, amounting, to the present time, to about £20,000, against which claim the half year's interest I have just referred to has been retained in hand.

The total sum that has accrued due to the Government for interest on the loan to the Company, in half yearly amounts, is as follows :

		£	s.	d.
July 1, 1854.....	To interest on £200,000 sterling, for six months, at 6 per cent. per annum, and 1 per cent. commission, say £6060 sterling, at 10 per cent. exchange	7440	6	8
January 1, 1855....	To interest on £500,000 sterling, at 1 per cent. commission, as above, say £15,150 sterling, at 10½ per cent. exchange	18600	16	8
July 1, 1855.....	To interest on £600,000 sterling, and 1 per cent. commission, as above, say £18,180 sterling, at 11 per cent. exchange.....	22422	0	0
January 1, 1856....	To interest on £770,000 sterling, and 1 per cent. commission, as above, say £23,331 sterling, at 10½ per cent. exchange	28580	9	6
July 1, 1856.....	To do say £23,331 sterling, at 11 do do	28774	18	0
January 1, 1857....	To do say £23,331 sterling, at 10½ do do	28645	5	8
July 1, 1857.....	To do say £23,331 sterling, at 9½ do do	28386	1	0
January 1, 1858....	To do say £23,331 sterling, at 10½ do do	28645	5	8
		£	191496	3 2

And the several payments made by the Company have been as follows :

				£	s.	d.
August 14, 1854....	By	cash	paid for interest on Government Loan.....	7440	6	8
January 24, 1855....	By	do	do do	18600	16	8
July 24, 1855.....	By	do	do do	22422	0	0
February 9, 1856....	By	do	do do	28580	9	6
July 23, 1856.....	By	do	do do	28774	18	0
September 9, 1857..	By	do	do do	28645	5	8
December 31, 1857 .	By	do	do do	28286	1	0
				£	162849	17 6

The balance being, as I have before stated, £28,645 5s. 8d.

As regards the Sinking Fund, the following are the particulars of the payments made to the Receiver General on account, including interest, viz :

				£	s.	d.
July 31, 1854.....	Amount	deposited	with the Receiver General.....	3650	0	0
January 31, 1855...	do	do	do	9125	0	0
July 31, 1855.....	do	do	do	11250	0	0
December 31, 1855..	Interest	credited	by the Receiver General to this date	221	11	10
July 1, 1856.....	Interest	on amount	deposited with Receiver General.....	722	7	10
January 1, 1857....	do	do	do	749	4	4
July 1, 1857.....	do	do	do	771	13	11
September 8, 1857..	Amount	of Provincial	Bonds deposited with the Receiver General, viz : 40 bonds of £500 each	20000	0	0
				£	46494	17 11

In the autumn of 1857 an arrangement was entered into between the late Receiver General, the Hon. J. C. Morrison, and Mr. Brydges, the Managing Director, for the repayment of the Government Loan, by which also it was agreed that no further payments on the Sinking Fund Account were necessary.

After many conversations upon the subject, Mr. Brydges wrote to Mr. Morrison on the 3rd September, 1857, as follows :

MANAGING DIRECTOR'S OFFICE,
HAMILTON, Canada West,
3rd September, 1857.

SIR,—Referring to the various interviews I have had with you in reference to the repayment of the advance to this Company of £770,000 sterling of Provincial Bonds, I now beg to ask for a positive statement of the views of the Government upon the question, because I purpose leaving for England next week, and am very desirous of being aware of what can be positively depended upon.

The view of this Company is, that the amount of the Bonds, say £770,000 sterling, should be paid in London, to the Agents of the Province, in four instalments, say on 1st July, 1858, 1st January and 1st July, 1859, and 1st January, 1860. The amounts already paid to you on account of the Sinking Fund being accepted as part payment of the principal, and of course no further payments on account of that fund being considered necessary. The interest upon the principal ceasing as the payments are made.

I have the honor to be, Sir,
Your obedient servant,

(Signed,)

C. J. BRYDGES,
Managing Director.

Hon. J. C. Morrison,
Receiver General.

In reply to which the following letter, dated 14th September, 1857, was received from Mr. Morrison :

RECEIVER GENERAL'S OFFICE,
Toronto, 14th September, 1857.

SIR—I have the honor to inform you that I brought under the notice of the Government your proposition for paying off the amount advanced by the Province to the Great Western Railway Company under the provisions of the Railway Guarantee Acts, and I beg to enclose you herewith an extract from the minute of Council on the subject for your information.

I have the honor to be,
Your obedient servant,

(Signed,) JOS. C. MORRISON.

C. J. Brydges, Esq.,
Managing Director, G. W. R. R. Co.

Extract of a Report of a Committee of the Honorable the Executive Council, dated the 11th September, 1857; approved by His Excellency the Administrator in Council.

On a memorandum dated 10th September, 1857, from the Hon. the Receiver General, submitting certain communications from the Managing Director of the Great Western Railway Company, proposing to pay off the loan from the Government, under the Railway Guarantee Act, of £770,000 sterling in four instalments, viz: On 1st July, 1858; 1st January, 1859; 1st July, 1859; 1st January, 1860; at par in London. The amounts already paid by the Company to the Government on account of the "Sinking Fund" to be taken also at par, as part payment of the principal. The interest on the principal, of course, being reduced as the payments are made.

The Receiver General recommends that the Great Western Railway Company be informed that the Government are prepared to receive the amount of the Loan made to the Company in the sums and at the times named in the proposition of Mr. Brydges as recommended by the Receiver General, and that as the offer of the Company, accepted by the Government for the convenience of the Company, will throw upon the Government the necessity of making provision for the investment or application of their moneys at the time proposed, and as therefore strict punctuality in payment must be expected from the Company, they be informed that they will be required to enter into a Bond obliging themselves to make the payments accordingly with interest; but that this arrangement is upon the express understanding that the Government lien is in no way to be affected (except as to the amount which may be paid) but shall continue a charge and security upon the Railway and property of the Company, as it now exists, until the whole amount and interest be paid off, and that any failure upon the part of the Company to carry out the proposed arrangements for payment, will at the option of the Government determine this agreement.

And Mr. Brydges wrote from London, under date, 2nd October, 1857, formally accepting the arrangement, as follows :

LONDON, 2nd October, 1857.

SIR,—I have the honor to acknowledge the receipt of your letter of the 14th ult., enclosing a copy of an extract from the minute of Council upon the subject of repayment of the advance of £770,000 sterling made to this Company by the Province of Canada.

I now beg to acquaint you that the Board of Directors of this Company have passed a resolution accepting the conditions set forth in the minute of Council, and giving the necessary instructions for their being carried into effect.

I was at the same time instructed to express to you the thanks of the Directors of this Company for the fair and liberal spirit in which this matter has been entertained by the Government and yourself.

I have the honor to be, Sir,
Your most obedient servant,

(Signed,)

C. J. BRYDGES,
Managing Director.

Hon. J. C. Morrison,
Receiver General.

Ques. 368. Have the Great Western Railroad Company carried the mails for the Government since the opening of the Road in January, 1854, and have the terms of remuneration for this service ever been settled by the Post Office Department?—The work has been done; the terms of remuneration have never been settled.

By Mr. F(*res.*)

Ques. 369. Has the Company made a regular charge for that service, and passed the accounts in the usual way through their books, to the Post Office Department, and what is the rate?—The Company has done so; at the rate of \$100 per mile, regularly furnishing accounts.

Ques. 370. Has the Company always stood ready to settle the claims of Government, on the Post Office Department paying their indebtedness for carrying the mails?—They have always been ready to do so.

Ques. 371. The Deputy Inspector General has stated to this Committee that “The amount of arrears due on the Great Western Railroad Sinking Fund is \$288,359. The last payment was on the 5th November, 1855,” Is this statement correct?—Certainly not; the last payment was made on 3rd September, 1857, of £20,000. The total amount that would have been due to the Government up to the present moment, had we not arranged for the payment of the Loan and doing away with the Sinking Fund, would have been £45,283.

The witness then withdrew.

The Committee then adjourned until to-morrow.

Monday, 14th June, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

MR. HOGAN,
MR. DUBORD,
MR. BROWN,
MR. WHITE,
MR. FOLEY,
MR. LE BOUTILLIER,
MR. CHAPAIS,
MR. SIMARD.
MR. SOMERVILLE,
MR. BUCHANAN, and
MR. J. CAMERON.

On motion of Mr. *Le Boutillier*, Mr. *Hogan* took the Chair.

The minutes of the previous meeting were read and confirmed.

Mr. Dickinson was summoned to attend the Committee.

Ordered,—That Mr. Langton, the Auditor General, be requested to lay before the Committee all accounts, irrespective of when they were paid, relating to the Commission to enquire into the Quebec Turnpike Loan Trust ; the Commission to inquire into the causes of the falling of the Montmorenci Bridge ; and also all accounts relating to the Longueuil Steamboat Explosion, the Desjardins Canal Bridge accident, and the burning of the Steamer Montreal.

The following questions were put to Mr. *Dickinson* :

(By Mr. *Brown*.)

Ques. 372. When formerly under examination before this Committee, you stated that the last payment made by the Great Western Railway Company, on account of their sinking fund, was on 5th November, 1855 ; but in direct contradiction of this statement, the Financial Director of the Railway Company has testified before the Committee that he paid £20,000 further on account of said fund on 3rd September, 1857 ; please explain how you made this mistake ?—I was not aware that any such payment had been made until I saw it in evidence before this Committee.

Ques. 373. Do you mean to say that no entry was made of the payment in the books of your Department ?—Yes. No such entry was made in the books of our Department.

Ques. 374. Ought not an entry of the payment to have been made in your books ?—We should have made the entry in our books if the transaction had been communicated to us.

Ques. 375. Whose duty was it to report the transaction to your Department on the payment being made to the Receiver General ?—The Receiver General and his Deputy.

Ques. 376. Are the Debentures in the chest counted and verified at intervals ?—Yes, by the Auditor.

Ques. 377. As the Debentures in question have been in the hands of the Government over nine months, ought not the fact that they were not credited to have been discovered long ere this, even although the entry of their receipt was omitted to be made in the books?—The list furnished to the Auditor did not embrace these Debentures and they might have escaped his observation.

Ques. 378. Was interest drawn on the said £20,000 Debentures for the last half year; and if so, who drew it?—I will answer upon reference to the books.

The witness then withdrew.

Ordered,—That the Hon. Mr. Cayley, Mr. Langton, Mr. C. E. Anderson, and Mr. W. S. Conger, be summoned to attend the Committee to-morrow.

The Committee then adjourned till to-morrow.

Tuesday, 15th June, 1858.

MEMBERS PRESENT:

MR. BROWN,
MR. WHITE,
MR. SOMERVILLE.
MR. FOLEY, and
MR. SIMARD.

The Committee then adjourned until to-morrow.

Wednesday, 16th June, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT:

MR. BROWN,
MR. HOGAN,
MR. FOLEY,
MR. SOMERVILLE,
MR. DUBORD,
WHITE,
MR. LE BOUTILLIER, and
MR. FERRES.

Mr. *Ferres* took the Chair.

The minutes of the previous meeting were read and confirmed.

The Chairman reported that Mr. Conger had attended the Committee yesterday, in compliance with the summons of the Committee.

Ordered,—That Mr. Conger be summoned to attend the meeting of the Committee to-morrow.

The following communication was received from Mr. *Cayley*.

INSPECTOR GENERAL'S OFFICE,
June 15th, 1858.

SIR,—I beg to state that it will not be possible for me, without neglecting important public business, to attend the Committee meetings for a couple of days. Mr. Brown informed me this morning that he had prepared certain questions to be put to me, but he hesitated to place them in my hands until they had been submitted to the Committee. I shall be prepared to furnish answers to them with as little delay as possible, should the Committee think fit to have them transmitted to me through the Secretary.

I remain, yours faithfully,

W. CAYLEY.

To the Chairman Public Accounts Committee.

The following statement by Mr. *Brown* was ordered to be placed on the minutes.

Mr. *Brown* stated that Mr. *Cayley* had repeatedly applied to him to hand him the questions he proposed to put to him that he might prepare his answers in private, but he had positively declined to do so, as the subjects on which Mr. *Cayley* was to be examined were such as the Inspector General should be prepared to answer on the spot.

Mr. *Foley* moved that the Committee is of opinion that Mr. *Cayley* ought to have attended before the Committee on the repeated summons made on him,—that his neglect in not so attending greatly retards the business of the Committee, that the same be reported to the House, and the usual motion made thereupon.

The motion was put and carried on the following division :

<i>Yeas :</i>	<i>Nays :</i>
Messrs. Hogan,	Messrs. Le Boutillier,
Dubord,	Somerville,
White,	Ferres,—3.
Foley,	
Brown,—5.	

Ordered.—That Mr. Begly, the Hon. John Ross, and Mr. R. A. Harrison be summoned to attend the Committee to-morrow.

Mr. *Dubord* handed in a letter from Mr. Begly, inclosing certain returns relative to the Department of Public Works.

Messrs. CAMERON, BUCHANAN, HOWLAND, and SIMARD, entered the Committee Room.

Mr. *Langton* being summoned, was examined as follows :

(By Mr. *Brown*.)

Ques. 879. Was £16,083 6s. 8d. drawn directly from the public chest in the year 1857, and lent to the Cobourg and Peterborough Railway Company?—Yes.

Ques. 380. Had Parliament given any authority for applying the Provincial money in such a manner?—Not that I am aware of.

Ques. 381. Mr. *Cayley* has stated before this Committee that "the whole amount was replaced to the credit of the Government on the 15th December, 1857." Is that statement true?—It was so repaid in the month of December.

Ques. 382. Did this account appear in the published accounts of the Province for 1857?—It did not.

Ques. 383. How was that managed?—The account appears in the Ledger, but the account for the Cobourg and Peterborough Railway having been both opened and closed within the year, of course it does not appear in the balance sheet, and as an expenditure of that kind does not appear to belong to any of the published statements, according to the system on which the accounts are now made out, it would not appear anywhere else. I mean by this, that the statements in the published Public Accounts may be divided into three classes:—the expenditure chargeable on the Consolidated Fund; the expenditure on account of Special Funds; and the unprovided statement, which is expected to be made good by Parliament. This payment to the Cobourg and Peterboro' road evidently belongs to none of these classes, and as it was re-paid during the year it could not appear in the balance sheet where all other receipts and expenditure appear.

Ques. 384. Then the Public Accounts do not in fact show all the financial transactions of the year—Is this so?—They do, with four exceptions: this advance to the Cobourg and Peterboro' Road, and an advance to the University of Toronto, and one to Upper Canada College on account of debentures which were not sold for upwards of a month after the advance was made; the fourth was a half year's interest on the Government Loan to the Great Western Railway which was paid by the Province on behalf of the Great Western Railway, and repaid by that Company.

Ques. 385. Was £160,000 drawn directly from the public chest in the year 1857, and lent to the Grand Trunk Railway Company?—It was.

Ques. 386. Had Parliament given any authority for applying the Provincial money in such a manner?—I am not aware that it had.

Ques. 387. Was the money restored to the chest in 1857?—No.

Ques. 388. Did a statement of the transaction appear in the Public Accounts of 1857?—Yes.

(By Mr. *Cameron*.)

Ques. 389. In commercial transactions, when a merchant is making up his balance sheet, is it usual for him to place an account in that sheet through which large transactions may have passed during the year, but at the time of the balance sheet being made out nothing at the debit or credit side stood?—If no transaction appears at the end of the year it cannot appear in the balance sheet. I desire to explain with regard to the foregoing questions that I have no official cognizance of the transactions, except from finding the entry in the books of the Province.

Ques. 390. Do you mean to say that in giving an annual statement to Parliament of the financial transactions of the Province, an operation which involved a large payment from the public chest, simply because the cash was restored before the end of the year, ought to be omitted from the statement?—I think all expenditure ought to be included in the Public Accounts, and according to the system which I understand is to be pursued for the future, such will be the case.

Ques. 391. Has the £160,000 of public money lent to the Grand Trunk from the public chest been yet returned, and if so, when?—It was returned on the 17th April, 1858.

Ques. 392. You have stated that there were only four financial transactions of 1857 that did not appear in the published accounts of that year; was not the payment of £20,000 by the Great Western Railway Company, on account of the railway sinking fund, on 8rd September, 1857, omitted?—It was. In my answer to the previous question, I referred to accounts similarly situated to that of the payment to the Cobourg and Peterboro' Railway Company, which, having been both paid and received within the year, did not appear in the Public Accounts, but have been included in the statement which I furnished to the Committee. The payment of the £20,000 on account of the Great Western sinking fund, does not anywhere appear in the books of the Inspector General's office, from which I compiled my statement, but I find on subsequent enquiry at the Receiver General office, that £20,000 worth of Municipal Loan Fund Debentures were paid in by the Great Western Railway Company, and have been entered in the register of debentures held on account of special funds, but appear no where in the public ledger.

Ques. 393. Are the Committee to understand, then, that the omission of the said £20,000 from the published statement of 1857 was a blunder?—I do not know whether it is to be considered a blunder, or whether it was done intentionally, because the £20,000 was not definitely received as a payment; but I am of opinion that even in the latter case a special account, which might have been called "the Great Western Railway Sinking Fund Suspense Account," should have been opened in the public ledger.

(By Mr. *Ferres*.)

Ques. 394. Was that amount of £20,000 in Debentures received as an absolute payment, or simply as a deposit on account of Sinking Fund due by the Great Western Company, to be subsequently passed through the cash account when realized?—I am not able to answer as to the terms on which the Receiver General received these Debentures.

(By Mr. *Brown*.)

Ques. 395. Please look at the following receipt from the Great Western Railway Company and say whether the debentures were received in liquidation of the debt or simply as a deposit?

(Copy.)

RECEIVER GENERAL'S DEPARTMENT,
Toronto, 3rd September, 1857.

SIR,—I have the honor to acknowledge the receipt of your communication of the 1st instant, transmitting £20,000 of Municipal Loan Debentures of Upper Canada of the denomination and description mentioned therein, being on account of amount due to Sinking Fund by the Great Western Railway Company.

I have, &c.,

(Signed,) C. E. ANDERSON, D.R.G.

I think from the terms of this receipt that the amount should at once have gone to the Sinking Fund account. At the same time I should have doubted as to the propriety of making the Province liable for £20,000 when it had only received Municipal Loan Fund Debentures for £20,000.

Ques. 396. But by the terms of the receipt were not the Debentures received in liquidation, and ought not the transaction to have appeared in the Inspector

General's books and in the published accounts?—I think if the Debentures had not been received on account of the Sinking Fund the receipt should have stated upon the face of it that they were only held in deposit, but in any case the transaction should have been communicated to the Inspector General's office, and the payment should have appeared in the public ledger in some account.

Ques. 397. Then the omission of the transaction from the books of the Inspector General and published accounts was a blunder?—I think it was incorrect.

Ques. 398. Was this blunder first discovered to the Inspector General's Department by this Committee, and that nine months after it occurred?—It was first brought under my notice in consequence of the evidence given by Mr. Reynolds, and I believe the Deputy Inspector General was equally ignorant of the transaction.

Ques. 399. The Deputy Inspector General stated before this Committee on 7th May, that "there have been no receipts by Government on account of the Interest on the Montreal Turnpike Trust for the last two years," and in direct contradiction of this statement, Mr. Penner, Secretary of the Trust, has declared that large sums of interest were paid to the Government since the date named; can you say which of these two authorities is correct?—I have no official knowledge of receipts unless my attention is specially called to them, but my impression is that there were two payments from the Montreal Turnpike Trust. Whatever has been paid is in the books; the whole balance of the books is correct, but the sum may have been carried to a wrong account.

Ques. 400. Then the Deputy Inspector General's answer was in fact a blunder?—I believe it to have been incorrect.

Ques. 401. On the 11th June this Committee had laid before it a cash balance of all the financial transactions of the Province in the year 1857; was that statement prepared under your direction, and was it not in fact the first real annual balance of the cash transactions of the Province published since the Union?—It was prepared by me, and I believe it to have been the first statement of the kind published since the Union.

Ques. 402. Please look at the said statement and say what was the actual expenditure of the Province in the year 1857 for carrying on the public service, interest of borrowed money, unproductive public works, and all other irrecoverable payments?—I will prepare an answer.

Ques. 403. How was this expenditure met? how much was derived from the Customs and other ordinary revenues of the Province, and how much by selling debentures to the increase of the public debt?—I will prepare an answer.

The witness then withdrew.

On motion of Mr. *Hogan*, it was *Ordered*, That John Brunskill, William Lane, Esq.; William Gamble, Esq.; Edward Stock, Esq., of Mimico; Edward Musson, Esq., Reeve of Etobicoke; David McDougall, Esq.; John Sheppard, Esq.; George P. Dickson, Esq.; Henry Miller, Esq.; Mr. James Gibson; Abraham Barker, Esq.; — Lee, Esq., Township Councillor; and John P. Wheeler, Esq., Reeve of Scarborough, be summoned to attend this Committee, and give evidence in relation to matters set forth in the petitions complaining of the state and condition of the York roads, and that the Clerk be instructed to notify them in the usual way to appear at the Committee Room in the House of Assembly, on the 21st day of June instant, at 10 o'clock in the forenoon.

The Committee then adjourned until to-morrow.

Thursday, 17th June, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT:

MR. FERRES,
MR. HOWLAND,
MR. FOLEY,
MR. SOMERVILLE,
MR. CAMERON,
MR. BROWN,
MR. LE BOUTILLIER,
MR. HOGAN,
Hon. MR. CAYLEY,
MR. WHITE,
MR. DUBORD,
MR. BUCHANAN,
MR. SIMARD, and
MR. CHAPAIS.

The minutes of the last meeting were read and confirmed.'

Hon. Mr. *Cayley* being in attendance, the following questions were put :

(By Mr. *Brown*.)

Ques. 404. On what day in September, 1854, did you become Inspector General ?—On the 11th, I think.

Ques. 405. On the 31st January, 1855, being the next annual balance after your assuming office, was the available cash balance in the public chest £395,481 6s. 5d. ?—I find the figures entered in the Public Accounts £395,481 6s. 5d.

Ques. 406. In addition to this balance left you by your predecessor, have you, in the three years you have been in office, received the following sums from the Customs and other ordinary sources of Provincial revenue :

In 1855.....	£1,217,541 14 11
In 1856.....	1,497,385 18 7
In 1857.....	1,338,198 11 8

making in all (with the balance aforesaid) £4,448,607 11s. 7d. ?—I find these figures entered in the Public Accounts of 1855, 1856, and 1857.

Ques. 407. In those three years has Parliament authorised you by statute to borrow £575,000 namely, (under 19 and 20 Vict., cap. 86) £250,000 for certain provincial works, and (under 20 Vict., cap. 17) £225,000 for public buildings at the new permanent seat of Government, and £100,000 for certain other Provincial works ?—I do not think that the quotations given by Mr. *Brown* strictly correct ; not with reference to the several statutes that he has quoted, but with reference to the total amount which Parliament has authorised Government to raise by issue of debentures. These amounts, the several powers given to the Government, will be found stated in the Public Accounts of each year, under the head of the statement shewing the balance of Legislative Grants for Public Works, &c., authorised to be raised by loan. Had these questions, which Mr. *Brown* promised to place in my hands two days ago, been handed to me, I could before this have furnished the details which these several statements will be found to furnish.

Ques. 408. By an official return from your own Department, it appears that £182,500 of Debentures have been issued and sold in England, under one of the said statutes (19 and 20 Vic., cap. 86.) Please state if Debentures for the whole amount of the £575,000, or what portion thereof, were issued; if the said return is correct as to the amount sold; and if the remainder of the issue is yet in the Receiver General's hands, or under hypothecation, for advances made to you?—In order to answer this question, it will be necessary to refer to the books of the Department.

Ques. 409. Please look at the return now shown you, from your own Department, and say if it is not there stated that £182,000 of Debentures, under 19 and 20 Vic. cap., 86, have been sold in England?—I find the sum of £182,500 entered under the head of 19 Vic., cap. 86, and sold in England.

Ques. 410. In addition to the said issue of Debentures (£182,500) for services performed since 1st January, 1855, have you availed yourself of the statute 18 Vic., cap. 4—a statute authorising £350,000 to be borrowed for works executed in 1854, but which works were actually paid out of the surplus revenues of that year; and have you sold Debentures on such authority to the extent of £350,000. I have no doubt that all the returns of Debentures sold have been accurately given. All Debentures that have been issued and sold have been under the authority of Government for purposes authorised by Parliament.

Ques. 411. Please look at the return now shown you from your own Department, and say if it is not there stated that £350,000 has been borrowed by you since 1st January, 1855, on the authority of the Public Works Supply Act of 1854, 18 Vic., cap. 4?—I find by the return that the sum of £350,000 is entered in two sums as having been issued under 18 Vic., cap. 4, and sold in England; these two sums are entered under the dates of 1856, and 1857. I have no doubt that the date named gives the period when sold, though it is not expressly so stated. I may add that it has been the practice of the Government to defray all expenditure on account of public works out of the public revenue to the extent that the revenue would bear to be drawn upon, and from time to time to replace the money by the sale of those debentures which were authorized to be negotiated for such public works.

Ques. 412. And in addition to these issues of Debentures, have you gone back to the year 1852 and taken advantage of the statute 16 Vic., cap. 157—a statute authorizing £150,000 to be borrowed for works executed in 1852, but which works were actually paid out of the surplus revenues of that year—and have you sold Debentures on such authority to the extent of £150,000?—We made it a rule to negotiate Debentures under the earlier Acts of Parliament in the order they were passed before having recourse to more recent ones. The late Inspector General laid it down as a principle that all public works should ultimately be provided for by funds specially raised for such purpose, and not by appropriating the surplus revenues of the Province.

Ques. 413. Please look at the return from your own Department, and say if you did not issue, and if you have not sold, since 1st January, 1855, £150,000 of Debentures under the said Works' Supply Act of 1852, 16 Vic., cap. 157.—I find the return of £150,000 sold in 1859, under authority of Act 16 Vic., cap. 157.

Ques. 414. And still further, in addition to all these issues of Debentures, have you gone back to the year 1849, and taking advantage of the Rebellion Losses Bill of that year, have you issued under its authority (12 Vic., cap. 58) £66,864 10s. 2d. of Debentures, intended at the time to be issued in payment of Rebellion claims, but which were many years ago defrayed from the public chest?—I find the sum of £66,868 10s. 2d. entered under date of 1857, as having been issued under authority of 12 Vic., cap. 17.

Ques. 415. Were not all the Rebellion Losses claims, to meet which that statute was passed, paid by your predecessor in cash from the public chest several years before you assumed office?—I have no recollection of any Rebellion Losses claims having been paid by the Government since I last took office in 1854. I here desire to call the attention of the Committee to the fact of the manifest inconvenience and delay which are created by the mode which Mr. Brown has chosen to adopt in persisting that his questions should be put at the table when I am obliged in furnishing my answers to refer to sundry papers; while, had the questions been placed in my hands at the time when I requested them, the answers could have been prepared and furnished without taking up the time of the Committee.

Ques. 416. Please look at the return from your own department and say if you have not also issued since 1st January, 1855, under a statute of 1843 (7 Vic., cap. 34), Debentures to the amount of £616 4s. 8d.?—I find in the returns, under the head of 7 Vic., cap. 34, in 1855, two entries of £62 10s. each, described as Welland Canal stock and Interest on Welland Canal stock. I also find in 1857 the sum of £491 4s. 8d. described as stock and back interest, Welland Canal. These two sums make up the sum of £616 4s. 8d.

Mr. *Cameron* then moved that all further questions to be put to the Inspector General shall be submitted to him in writing through the Clerk, and written replies thereto furnished by Mr. *Cayley*.

The motion was put and lost on the following division :

<i>Yeas :</i>	<i>Nays :</i>
Messrs. Simard,	Messrs. Hogan,
“ Cameron,	“ Somerville,
“ Buchanan,	“ Dubord,
“ Ferres,—4.	“ Foley,
	“ Howland,
	“ Brown,
	“ Cayley,—7.

Ques. 417. Please look at the return from your own Department and say if you have not also issued and sold since 1st January, 1855, Debentures under the Seigniorial Tenure Act (18 Vic., cap. 3,) to the extent of £208,611 2s. 0d.?—I find in the return the sum of £121,666 18s. 4d. and the sum of £86,944 8s. 8d. making in all the sum of £208,611 2s. 0d., under the head of Seigniorial Tenure Commutation Act capitalized.

Ques. 418. By 12 Vict., cap. 5, you are authorized to issue new Debentures to enable you to renew or provide funds for paying off such Debentures of the Province as may from time to time fall due and become payable; and it appears by the public accounts that in the years 1855, 1856 and 1857, you discharged Debentures so falling due to the extent of £990,279 14s. 6d.; but it also appears by an official return from the Inspector General's Office that in these same three years, you issued and sold new Debentures under the said Act 12 Vict., cap. 5, to the extent of £1,136,612 17s. 10d.;—please to state how you came to issue £146,333 3s. 4d. of new Debentures more than you paid off of old ones?—All the Debentures sold by the Government have been issued under the authority of Acts of Parliament. I am not prepared to discuss the calculations made by Mr. Brown, but am ready to furnish from the books of the Department any additional returns that may be required by the Committee.

Ques. 419. Was the amount of £146,333 8s. 4d. of new debentures issued in lieu of debentures paid off by your predecessor from surplus revenues of the Province in years previous to your assuming office as Inspector General?—This question refers to the one immediately preceding to which I have answered, that I will bring down any additional information the Committee may require.

Ques. 420. Independently then of all special funds, have you received the following sums to meet the expenditure of 1855, 1856 and 1857, namely :

Cash on hand 31st January, 1855	£395,481	6	8
Ordinary Revenue, 3 years.....	4,053,126	5	2
19 and 20 Vict., cap. 86.....	182,500	0	0
18 Vict., cap. 4.....	350,000	0	0
16 Vict., cap. 157.....	150,000	0	0
12 Vict., cap. 58.....	66,868	10	2
7 Vict., cap. 34.....	616	4	8
18 Vict., cap. 3.....	208,611	2	0
12 Vict., cap. 5.....	1,186,612	17	10
	<hr/>		
	£6,543,816	6	3
Less Debentures redeemed.....	990,279	14	6
	<hr/>		
Total Receipts in 1855, 1856, and 1857....	£5,553,536	11	9

I will have the statement examined by the book-keeper of the department and verified by the books, and furnish the reply to the Committee as soon as I receive it.

Ques. 421. Did you expend the whole of this amount in the years 1855, 1856, and 1857, and were you not, besides, on the 31st December, 1857, indebted, among other sums, as follows :

To Glyn, Mills & Co.....	£345,890	19	0
To Baring Brothers & Co.. ..	252,533	3	6
To Special Funds.....	92,143	4	11
To Crown Land purchasers	22,257	8	6
To Unpaid Warrants.....	43,603	9	8
	<hr/>		
	£756,428	0	7
Less Cash in Bank.....	397,050	19	3
	<hr/>		
	£359,377	1	4

The Committee will see the impossibility of answering the question accurately, until the calculation of Mr. Brown has been verified ; I will then furnish a reply.

Ques. 422. Was not your expenditure, in the year 1857, for the ordinary public service, for interest, for unproductive public works and other items not recoverable, upwards of £2,300,000?—This question, in the shape in which it is, is calculated to mislead. The whole expenditure on account of the ordinary public service, and on account of interest, and on account of Public Works, whether productive or otherwise, and on account of other items, whether recoverable or not, is stated in the Public Accounts of 1857, to which document I must refer the Committee, for the information they afford, or should further additional returns be required for the purpose of bringing out any special service or expenditure more prominently, they shall be brought down.

Ques. 423. Did you not meet this enormous expenditure of 1857, by £1,338,198

11s. 8d. of ordinary revenue, and by borrowing money in England for the balance?—The sources from which the total expenditure of the year 1857 has been provided, are stated in the Public Accounts.

Ques. 424. Will not your revenue in 1858, be less than that of 1857? Will not your expenditure in 1858 be nearly the same as in 1857? and do you expect again to meet the enormous deficit by borrowed money?—I am not prepared to state what the revenue of 1858 will yield, though I shall be prepared to submit to the House an estimate giving my opinion. Should my estimate be unequal to meet what I expect will be required to cover the general expenditure, I shall be prepared to ask the House for additional ways and means to make up the deficiency.

Ques. 425. By an official return from your own department, it appears that in the year 1855, Provincial Debentures were sold in England at the following prices :

£ 91,400	at	14½	per cent. prem.
260,000	at	10	" "
8,700	at	8½	" "
4,000	at	3½	" "
166,000	at	2½	" "

Will you please explain how so wide a variance occurred in the prices obtained in one year?—The sum of £260,000 were sterling debentures bearing 6 per cent. interest; the sum of £91,400 were sterling debentures, bearing 6 per cent. interest. The sum of £4,000 sold at a reduced premium of 3½ per cent. were 5 per cent. debentures. The sum of £166,000 sold at 2½ per cent. premium, were a mixed lot of fives and sixes, which averaged 2½ per cent. I have to remark that five-percents. do not in the money market of England bring the same prices as six-percents.

Ques. 426. Can you say what portion of the said sum of £166,000 were fives, and what sixes?—Not from recollection. The amounts can readily be obtained.

Ques. 427. How were the said debentures sold—direct to Baring & Co., and Glyn & Co., or through them, as brokers, to the public, for the benefit of the Province?—The entry in the statement is that they were sold to different persons by Glyn & Co., and by Baring Bros. & Co. Very probably the correspondence in the Receiver General's Department will furnish additional details if required by the Committee.

Ques. 428. How are Glyns and Barings guided in their operations in Provincial Debentures? are they left free to act on their own judgment, or do they act on instructions from the Government here as to the price they shall accept? Do they sell by private bargain or invite public tenders?—To a very great extent they are left to exercise their own discretion. I am not prepared to say what is the usual practice in effecting such sales in the London money market, but I have no doubt that the agents of the Province pursue the usual course.

Ques. 429. Do they act as brokers to the Province and return you regular account sales of each transaction; or do they buy from you in gross and re-sell to the public for their own benefit?—This question I have answered in my answer to the preceding one; further details can be obtained from the Receiver General with whom the correspondence between the Government and the fiscal agents of the Province has always been conducted.

Ques. 430. The Committee observe from the official return of your own Department, that in the year 1857, sterling debentures of the Province payable in London, were sold in England to the extent of £852,396 13s. 4d., and that the following return is given of the prices obtained for them :

£ 1,700	five per cents.....	at par.	
40,800	do	$\frac{1}{2}$ per cent premium.	
800	do	1	"
8,000	six per cents.....	9	"
31,000	do	$9\frac{1}{2}$	"
1,500	do	$9\frac{3}{8}$	"
12,000	do	10	"
19,000	do	$10\frac{1}{2}$	"
25,000	do	11	"
18,900	do	$11\frac{1}{2}$	"
38,200	do	12	"
82,500	do	$12\frac{1}{2}$	"
40,500	do	$12\frac{1}{4}$	"
26,000	do	$12\frac{3}{8}$	"
16,600	do	$12\frac{1}{2}$	"
2,000	do	$13\frac{1}{4}$	"
379,800	do	8	"

Please explain how it came that £266,200 of six per cent. debentures were thus sold on an average of nearly 12 per cent. premium, and £379,800 at only three per cent. premium?—All the debentures, with the exception of the sum of £379,800, were negotiated prior to the panic: the sum of £379,800 was negotiated after the monetary crisis had taken place in the United States, and at a time when great uncertainty prevailed as to the effects which would be produced in Canada. I have no doubt that the apprehensions of parties in England dealing in such securities were very much increased by the violent political articles which appeared in a journal having a very extensive circulation in Western Canada, and in my belief induced the agents to negotiate these securities *en bloc* under the apprehension that unfavorable tidings from Canada might render them difficult of sale.

Ques. 431. What newspaper do you allude to?—The modesty of Mr. Brown prevents him from entertaining the opinion that I have alluded to the "Globe."

Ques. 432. What was the date of the said sale of £379,800 of Debentures?—The date of the advices I cannot give without reference to the Receiver General's Department.

Ques. 433. What were the "unfavorable tidings" you say Baring & Glyns expected from Canada; was it the defeat of Mr. Inspector General Cayley and his colleagues in Upper Canada at the late General Election, and their consequent ejection from office?—I must refer Mr. Brown to the columns of the journal to which I have alluded for the information which he asks.

Ques. 434. Might not Barings & Glyns' reason for making such a ruinous sale have been, that they were determined to "make hay while the sun shone," in the prospect of your ejection from office, and a consequent rise in the price of Debentures?—The sale of the securities at the quotation given could not be considered ruinous under the prognostications of utter bankruptcy which the journal in question had given. Whether or not the rise or fall of these Debentures depended on which party should hold the reins of power in Canada, may perhaps be best answered by a reference to the price to-day of Provincial securities in the London market, quoted at 117, and the price obtained at the period to which I have alluded.

Ques. 435. Was the said sale of £379,800 six per cent. Debentures, at three per cent. premium, made in one transaction by Barings & Glyns to themselves, for their own personal benefit?—I am not able to answer to whom any of these securities were sold. I have already stated that a reference to the Receiver General's correspondence would furnish better information than I can give.

Ques. 436. The Committee observe that large amounts of Provincial Debentures have also been sold in Canada; what is the practice in selling them? are the terms of sale and the purchaser settled privately by a member of the Government, or are tenders publicly invited?—I do not find that any large amounts of debentures issued under the direct responsibility of the Province have been sold in Canada since I took office in 1854. The sum total appears to be about £24,000, and is entered in the return I have in my hand as a reinvestment. Six per cents payable in Canada have seldom realized more than par. Another return now put into my hand appears to consist chiefly of advances made to railroads entitled to the guarantee of the Province, the premium on which has been received by the railroads, and of Municipal Loan Fund Debentures, which, with one exception of a sale made to the Bank of Upper Canada, appear to have been issued to municipalities at par. In reply to the part of the question in what manner have such sales been negotiated, whether by private sale or by tender, I have to state that I do not recollect any sale of debentures issued under the direct responsibility of the Province made in Canada. The £24,000 to which I have already alluded, is described as reinvestments. I understand it to be a substitution of new debentures for old debentures about to mature. With reference to the Municipal Loan Fund Debentures and the debentures issued to railroads, my answer is already given.

Ques. 437. Have currency Debentures payable in Canada and sold as such, been exchanged for sterling Debentures payable in England; and if so, to what extent and on what conditions?—Instances have occurred in which Municipal Loan Fund Debentures payable here have been replaced by other Debentures similarly drawn payable in London. The precise instances I cannot state from recollection, but a reference to the Receiver General's books will readily furnish the information.

Ques. 438. Was there not a loss to the Province by such exchange of sterling for currency Debentures?—If the Government undertook to pay the interest in England in place of Canada such payment will be liable to a charge for agency, but I am not prepared to state from recollection that any such arrangement has been made by which a loss has fallen upon the Province.

Ques. 439. The Committee observe that large amounts of securities have been purchased by Government from time to time for investment for special funds, on such occasions are public tenders invited or is the Receiver General at liberty to buy from whom he chooses and at any price he chooses?—I am not aware that any large purchases have been made by Government since I took office in 1854, irrespective of arrangements which may have been entered into between the Inspector General and other parties in connection with Municipal Loan Fund Debentures. Recent transactions have been chiefly confined to the transfer of such securities from one trust fund to another, but I beg to state to the Committee that I am now answering upon mere recollection, and an enquiry which should more properly be answered after reference to the books in the Receiver General's office. Instances have occurred in which the Receiver General has purchased municipal securities to a limited amount, in some of which instances the Receiver General has exercised his own discretion, and in one or two others, if I am not mistaken, he has referred the question to Council.

Ques. 440. Is it not the fact that large amounts of securities have been so purchased at par, when in fact the market price was considerably below par?—By the return now put into my hands, my attention is called to the sum of £25,000 received from Mr. Bradshaw, Agent of the Bank of Upper Canada, on the 24th of January, 1855, and also of £25,000 received from the same person in August, 1855, and also £10,000 received from Mr. A. H. Campbell, who, if I am not mistaken was Cashier of the Commercial Bank at Montreal. These debentures appear to

have been received by the Government at par. With reference to the debentures received from the Bank of Upper Canada, I must call the attention of the Committee to the fact in a former answer the Municipal Loan Fund Debentures had been issued originally by the Government at par, with one exception of £200,000 issued to the Bank of Upper Canada at a premium. I have reason to suppose that the Debentures repurchased are a portion of those that were so sold. With reference to the sum of £106,000 18s. 4d., some explanation appears to be required of an erasure striking out the amount which was paid for them. On this point I beg to refer the Committee for information to the Receiver General's office. Except in the instance I have already named, I am not prepared to state that any considerable amount of debentures have been purchased by Government at par, at a time when their market value ranged below par. I have already stated that considerable transfers have taken place between the several trusts in which these securities have been dealt with at a uniform rate, namely, par.

Ques. 441. The Committee observe, from a return by your own department, that Bills of Exchange were drawn on England by Government, in the year 1857, to the amount of nearly \$4,000,000: will you please explain if tenders were solicited for the said exchange, or if it was sold by private bargain, at the arbitrary will of yourself or the Receiver General?—The Receiver General has been the officer of the Government through whom all Bills of Exchange have been negotiated.

Ques. 442. Did you in 1857, while you were sacrificing debentures to meet the Provincial obligations, draw £160,000 from the public chest, and lend it to the Grand Trunk Railway Company?

Mr. *Cayley* objected to the offensive shape in which the question was put, and offered to answer the substance of the question in its proper shape.

Mr. *Howland* moved in amendment the following, which was carried:—Did you not in 1857, about the time at which Provincial 6 per cent. debentures were sold in England at 3 per cent. premium, make a loan of £160,000 to the Grand Trunk Railway Company?—Not to the best of my recollection. The sum of £160,000 is shown by the Public Accounts to have been advanced to the Grand Trunk Company in 1857. If I am not mistaken, an Order in Council issued, authorising a loan to the Grand Trunk Company for that amount, or some amount approaching to it, in the month of July, 1857, at the time when I was absent from Toronto, in Lower Canada.

Ordered, That Mr. Guy and Mr. Harper, of the Board of Works office, be summoned to attend to-morrow.

The following memorandum by Mr. *Langton*, in reply to a communication from Dr. Ryerson, laid before the Committee, was ordered to be placed upon the minutes.

Having read a letter from Dr. Ryerson to the Committee of Public Accounts, which was communicated to me, in which he reflects upon me, and charges me with making erroneous statements with regard to his accounts, in my report to the Inspector General, which was called for by the Committee, I desire to make an observation upon it. As the facts stated in my report speak for themselves, I desire only to refer to the Warrant for Common School purposes, issued in 1855. The transaction having taken place before I was appointed to office, I had no books of my own to refer to; I therefore, in auditing his accounts, checked off by warrants by the appropriation book in the Inspector General's office; and in

reporting to the Inspector General, I took the dates, both for his receipts and payments, from his own accounts, which I herewith submit; in which, both in the separate account current and in the general statement, that warrant is said to have been received on the 28th of May.

The Committee then adjourned.

Friday, 18th June, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

MR. SOMERVILLE,
MR. DUBORD,
MR. WHITE,
MR. SIMARD,
MR. HOWLAND,
MR. BROWN,
MR. HOGAN,
MR. CHAPUIS,
MR. FERRES,
MR. FOLEY,
MR. BUCHANAN,
MR. CAMERON, and
MR. LE BOUTILLIER.

Mr. *Ferres* took the Chair.

The minutes of the previous meeting were read and confirmed.

Mr. *Anderson*, Mr. *Harper*, and Mr. *Harrison* attended in compliance with the order of the Committee.

On motion of Mr. *White*, it was

Ordered, That a copy of the evidence given by Mr. *Milroy*, and the statement handed in by Mr. *Langton* yesterday, be forwarded to Dr. *Ryerson* by the Clerk.

On motion of Mr. *Brown*, it was

Ordered, That a return be ordered from the Receiver General's Department of all currency debentures, payable in Canada, exchanged for sterling debentures, payable in England, since the 1st January, 1852, showing clearly the date of each such exchange, the amount given in sterling in lieu of currency, and the party for whose benefit the exchange was made.

Also, a Return from the same Department of the several amounts deposited with the Provincial Agents in London as proceeds of the £2,000,000 Preferential Grand Trunk Loan under the Relief Acts of 1856 and 1857, and the date of each such deposit; also showing the several portions of the said deposits released to the Grand Trunk Company, with the date thereof, and annexing copies of the progress certificates on which said several releases were made.

Also, from the same Department, a Return of all debentures issued under the statutes 19 and 20 Vic. cap. 86, and 20 Vic. cap. 17, respectively, the several amounts sold, and the date and price of each sale, and the amount now in the hands of the Provincial agents in London.

Mr. *Guy* attended in compliance with the order of the Committee.

Hon. *Sidney Smith*, Postmaster General, was called in and examined as follows :

(By Mr. *Brown*.)

Ques. 443. Are you Postmaster General of the Province, and when did you assume office?—I am ; I assumed office on the 2nd February last.

Ques. 444. Please explain to the Committee the practice of your Department in regard to money orders. To what extent are Postmasters authorized to issue money orders on the Department, and at what interval do they report their sales of such orders, and pay over their receipts for the same?—I cannot answer this question with certainty ; the amount of a money bill is limited to £100, but any number may be issued by Postmasters upon receipt of money to the amount of the order desired ; the amount of money orders is about at the rate of three millions of dollars per annum ; there has not been a single loss since its establishment ; as to the time when they are required to account, I am not positively informed, but I believe weekly.

Ques. 445. Is every Postmaster bound to pay on demand such orders as are drawn on him from other offices, and how does he obtain the cash to enable him to do so?—Yes ; he pays the orders upon him, and by an arrangement with the Bank, which in my opinion, and in the opinion of the Deputy Postmaster General, requires modification and improvement, the Postmasters obtain the money to meet the orders unless they have a sufficient amount in hand from Post Office sources ; the arrangement of the money system being a new one, I am informed that a great deal of difficulty arose as to the means of supplying Postmasters with funds to meet money orders, and as the only feasible means of carrying the system into operation without such delay as would occasion serious inconvenience to the public, the arrangement was made with the Bank ; my intention is to improve and modify the system at the earliest possible moment, especially as to limiting the amount of money orders that a Postmaster can issue ; I have frequently had long and anxious conversations with the Deputy Postmaster General on the subject.

Ques. 446. Do you mean that heretofore each Postmaster had had unlimited power to draw from the Bank of Upper Canada such sums as he desires to pay such orders?—I apprehend there has been a limit, but I cannot state the amount, but I can give particular information if time is granted by the Committee.

Ques. 447. How many Postmasters throughout the Province have had this power entrusted to them?—It would appear that on the 30th September last, by the Report of the Postmaster General where a list is contained, that there were about 175.

Ques. 448. What amount of security do Postmasters give for their intrusions?—I cannot inform the Committee at present ; if desired by the Committee, I will ascertain and inform them. The amount necessarily varies in different cases.

Ques. 449. Do you know what day of each week the several Postmasters make up their money returns, and on what day they pay over the balances?—No. I will give the information if required.

Ques. 450. Do you know if any Postmasters are in arrear for money orders, and what is the practice when default occurs?—I am not aware that any

Postmaster is in arrear at present. The practice I have adopted with Postmasters who have been in arrear with their returns, has been to send the Inspector without a moment's delay, and compel payment; a second default would cause instant dismissal.

Ques. 451. Could not any two postmasters by collusion, draw orders on each other and keep a considerable sum afloat, using the amount for their own purposes?—I don't think so. The weekly returns if amounting to any serious sum would attract the attention of the Department and cause immediate steps to be taken. This has already been done.

Ques. 452. Have you observed that much larger amounts of money orders are issued from some offices than from others, and that not at all in proportion to their respective populations?—Yes. I have observed that in the large cities the money order system is not used in proportion to the same extent as in country places. I account for this by the facilities afforded in such cities by Banks and other means of remittance which are not enjoyed, at all events not to the same extent, in country places. I should be sorry that the working of the system should have produced a different result, because the system was established for the accommodation and benefit of the poorer classes, and the result has proved that the originators of the system entertained correct views upon the question before its establishment.

Ques. 453. Can you furnish a statement of the Post Office Order transactions of each office from the date of last report (30th September, 1857 to 31st M y 1858, showing clearly the orders outstanding on the latter day from each office and on each office, and the arrears (if any) due by the several Postmasters?—Yes, if time is afforded me by the Committee, but it will be a work requiring considerable time.

Ques. 454. How often do Postmasters settle their letter postage accounts?—Quarterly.

Ques. 455. Will you please furnish a statement of all Postmasters in arrear to the Department on postage accounts up to last Quarterly return and the several amounts thereof?—Yes, if the Committee afford me the necessary time.

The Committee then adjourned until Monday nex.

Monday, 21st June, 1858.

The Committee met at a quarter before 11 o'clock A. M., pursuant to adjournment.

At 11 o'clock, Members present:

HON. MR. CAYLEY,
MR. BROWN,
MR. HOGAN,
MR. WHITE,
MR. LE BOUTILLIER, and
MR. HOWLAND.

A quorum not being present, the Committee stood adjourned till a quarter to 11 o'clock A. M., to-morrow

Attest,

A. PATRICK,
C. C. C.

Tuesday, 22nd June, 1858.

The Committee met at 11 o'clock, A. M., according to adjournment.

MEMBERS PRESENT :

MR. HOGAN,
MR. BROWN,
MR. HOWLAND,
MR. SOMERVILLE,
MR. FOLEY,
MR. BUCHANAN,
MR. MATTICE,
MR. WHITE.
MR. J. CAMERON,
MR. CHAPUIS,
MR. SIMARD,
MR. DUBORD, and
Hon. MR. CAYLEY.

Mr. *Hogan* was called to the Chair.

The minutes of the previous meeting were read and confirmed.

On motion of Mr. *Brown*, it was

Ordered, That a return be obtained from the Receiver General's office of all purchases of securities for investment on behalf of the Indian Fund, from 1st January, 1852, up to the present date, made by the Receiver General's Department, shewing clearly the character of the securities purchased, the price paid to the parties from whom purchased, and the date of each purchase.

On motion of the same it was

Ordered, That Mr. George Lowe Reid, of Hamilton, be sent for to appear before the Committee to-morrow morning.

On motion of Mr. *Cayley* it was

Ordered, That the Hon. J. C. Morrison be called as a witness, in reference to the investment of £20,000 sinking fund.

The Clerk was instructed to summon the following gentlemen to appear before the Committee on to-morrow, to wit: Messrs. C. J. Brydges (Manager), Reynolds, Financial Directors of the Great Western Railway Company, and Mr. Robert Beaty, Secretary of the York Road Company.

The Honorable Sidney Smith, Postmaster General, was in attendance.

Mr. *Langton*, Auditor of Public Accounts, was then called in and examined, and also produced his answers to questions 401 and 402, which are as follows :

Ans. to Ques. 401. I submit an analysis of the receipts and expenditure of the Province for the year 1857. It appears from it that, exclusive of expenditure authorized to be met by the issue of Debentures, and of special funds for which the Province is only trustee, the whole expenditure may be divided into three heads—

Ordinary expenditure	£1,648,882	5	3
Grand Trunk Interest, the claim for re-payment of which is postponed, but not altogether abandoned	333,385	4	3
Net amount of advances, for the re-payment of which other parties are liable, and more than half of which has already been repaid in 1858	333,965	15	2
Total	£2,315,233	4	8

Ans. to Ques. 402. The ordinary income for the year was £1,458,726 1 4 from all sources, exclusive of the revenue of funds, for which the Province is only trustee, leaving a deficiency on the year of..... 856,507 3 4

This was met as follows :

Debentures issued on the authority of former Acts, over and above what was required for the expenditure of the year authorized to be met by the issue of Debentures, being in fact the savings of previous years.....	431,640	7	2
The excess of the Income over the expenditure of special funds, for which the Province is liable to the funds.	68,781	6	2
Changes in the balances of cash and our various banking accounts, being partly balances on hand from last year and partly advances made by them.....	356,085	10	0
	£856,507	3	4

Analysis of Receipts and Expenditure, 1857.

	Expenditure.	Receipt.
Ordinary services of the Province.	£1,648,882 5 3	£1,458,726 1 4
Grand Trunk Interest	332,385 4 3	
Special Funds for which the Province is liable.....	275,548 10 8	104,673 1 10
Advances	179,175 13 0	16,085 6 8
Expenditure authorized to be met by Debentures and Debentures issued.....	424,817 10 10	856,457 18 0
Special Funds for which the Province is Trustee	310,812 8 11	379,593 15 1
Changes in balances of Cash and Banking Accounts	235,561 17 4	591,647 7 4
	£3,407,183 10 3	£3,407,183 10 3

N.B.—It will be observed that the sums total as here given differ from the sum total in my previous statement. This arises, not from any change in the items composing each, but because, in adopting an entirely different classification, it became necessary to treat some sums, which in the former statement appeared as deductions from the debit side, as additions to the credit side in this account.

Ques. 456. Then you say that the actual ordinary expenditures of 1857 were £1,648,882 ?—Yes. I include in that ordinary expenditure, not only that charged

against the Consolidated Fund, but also that of such special funds as are not held in trust for any party distinct from the Province, such as the Culler's Fund, the Law Fee Fund, &c., and also some expenditure which appears in the balance sheet but not in the separate statements.

Ques. 457. But whether the money passed through the Consolidated Fund, or through a special Fund, the whole of that sum of £1,648,882 came from the pockets of the people of Canada?—Yes; I consider that to be the ordinary Provincial expenditure for which the Province and no other party but the Province is liable.

(By Mr. Cayley.)

Ques. 458. State the amount received from sources in connection with the services to which you have referred in your last two answers, and give the balance paid out of the consolidated chest?—The whole amount of the receipts on account of the same services was £1,458,726 1s. 4d., the excess of expenditure over receipts was £190,156 3s. 11d.

(By Mr. Brown.)

Ques. 459. And the sum paid in 1857 in the shape of interest on the Grand Trunk debt, which was assumed by the Province under statute of 1857 as a Provincial liability, and to meet which the customs duties were increased from 12½ per cent. to 14 per cent., was £332,385, was it not?—The interest paid during the year for the Grand Trunk Railway was £332,385 4s. 3d.; but this was three half years interest, including one half year of 1856.

Ques. 460. And the sum paid for unproductive public works and the redemption of the Seigniorial Tenure was £232,637, was it not?—I do not consider that the whole of that amount was paid for unproductive works, as the expenditure includes that on the Welland, St. Lawrence, and other canals.

Ques. 461. Have these canals ever paid in any one year the interest on their original cost?—I believe not; but whether they pay the whole interest or only a part, as long as they yield a revenue they cannot be called unproductive.

(By Mr. Cayley.)

Ques. 462. Do you consider that their value to the Province should be tested solely by the revenue they yield?—Certainly not; and in that view of the question many of the other works included in that expenditure, such as harbours and light-houses, cannot be considered unproductive.

(By Mr. Brown.)

Ques. 463. But whatever their value to the Province, had not the cash to be forthcoming for the repairs, and was not this outlay to all intents and purposes a Provincial expenditure?—No doubt the expenditure has to be borne by the Province. But I did not include such works in the first item of my statement, because the expenditure upon them is by law authorized to be met by the issue of debentures.

Ques. 464. And was not the interest paid for the Northern Railway and for the Municipal Loan Funds, less the receipts from these sources, £113,164?—The expenditure for the purposes indicated and for some other special funds, for which the Province is indirectly liable, over and above the receipts from the same, amounts to the sum named.

Ques. 465. Then in fact were not the actual expenditure of 1857 on these several accounts £2,327,069, besides advances for special funds, &c., which may

hereafter be received?—The expenditure on account of the services named, including amongst public works the redemption of the Debentures for works belonging to special funds was £2,327,052 9s. 0d.

Ques. 466. What was the amount of advances made in 1857 from the Public Chest (besides those already named) for Special Fund, Railway Companies, &c., which have been or may hereafter be recovered?—There was an advance to the Great Western Railway of £57,710 10s. 2d., and to the Grand Trunk Railway of £160,000, and some other smaller items, making altogether £220,800 16s. 6d.

Ques. 467. What proportion of these advances have already been repaid to the Chest?—The Grand Trunk has repaid the £160,000, and I believe the Great Western has repaid one half of the interest advanced.

Ques. 468. Is it true that in addition to the loan of last year to the Grand Trunk of £160,000, and before it was repaid, a further loan was made to the same Company from the public chest of £80,000, or some other sum?—I do not know the exact amount of the sum, but there was a further advance to the Grand Trunk a short time before they repaid the previous one; both advances were repaid at the same time.

Ques. 469. Will you ascertain the amount and inform the Committee?—Yes.

Ques. 470. Was there any authority of Parliament for this payment from the public chest?—I am not aware of any authority from Parliament; it was done by order in Council.

Ques. 471. What security was obtained for the re-payment of the loan?—I can give the Committee no information upon the subject.

Ques. 472. Then in your capacity as Auditor you have no influence over such payments from the public chest. Is that so?—In my capacity as Auditor I have no control; an order in Council is sufficient authority for the payment.

(By Mr. Cayley.)

Ques. 473. Would not such a control invest the Auditor with the powers of the Governor in Council?—It would. The Auditor can only have the power to report; he has no power to order or prevent any payment.

Ques. 474. To meet the expenditures of 1857, which you have stated to have been £2,327,052, was not the actual revenue from all sources (except borrowed money) £1,448,726?—That was the amount of the revenue applicable to purely Provincial purposes, but there was also a revenue from special funds, for which the Province is Trustee, over and above the expenditure of those funds of £68,781 6s. 2d.

Ques. 475. Has the Government any right to spend the revenues of those special funds, or does it merely act as trustee for them; and is it bound by statute to invest that sum of 68,781 in securities for the benefit of such funds?—The Government is responsible to the funds for those amounts, but it has never been the custom to keep a separate purse. There has often been a large balance of the special funds uninvested, and at other times the special funds are over invested. It almost always occurs that at the end of the year there is a larger balance uninvested than at any other period, because it is not until the books are balanced that it is seen how much there is to invest for each special fund.

By Mr. Cayley.)

Ques. 476. And were there other funds in the hands of the Government applicable to the expenditure to which you have referred, besides the revenues referred to in Question 474?—There was cash in hand and balances at the bankers to the amount of £445,761 11s. 5d.

(By Mr. Brown.)

Ques. 477. And had not these balances in the hands of the bankers been obtained by selling debentures on the strength of savings effected by the Inspector General's predecessor, before Mr. Cayley came into office?—The balances in hand at the beginning of 1857, arose from the transactions of 1856, during which year no doubt some debentures were sold.

Ques. 478. Please look at the return now handed you from the Inspector General's Department, and say if the amount borrowed by the sale of debentures in 1856 was not £409,486 13s. 4d.?—The total amount of debentures issued in 1856, according to these returns, is £409,486 13s. 4d., of which £13,962 appears to have been issued in exchange for others, leaving the total new issue of the year £395,524 13s. 4d.

(By Mr. Cayley.)

Ques. 479. What sums were paid in 1856 on account of the Seigniorial Tenure Fund—what advances were made on account of the Municipal Loan Fund—what amount of interest on account of the Grand Trunk and Northern Line, and what amount expended on account of Public Works?—The expenditure in 1856 on account of Public Works £245,133 8s. 4d.; on Seigniorial Tenure, £50,904 3s.; making in all of expenditure authorized to be met by the debentures £295,037 11s. 4d.; besides which there was paid in interest for the Grand Trunk, £116,209 8s. 4d., and for the Northern Road, £35,341 11s. 8d.; the Municipal Loan Fund of Upper Canada, £5,824 12s. 8d., and for Lower Canada, £5,981 4s. 6d.

(By Mr. Brown.)

Ques. 480. And against this, was there not cash in the chest on 1st January, 1856, and in the hands of Barings to the amount of £427,602 17s. 1d.?—Yes.

Ques. 481. Referring back to your answer to question No. 475, please state if the sum you have named of £68,871 received by Government as Trustee for Special Funds, is a source of revenue from which the Government is entitled to defray the ordinary general expenditures included in the sum of £2,327,066?—I stated in my previous answers that the Province is responsible to the Funds for the amount; but that there is always a balance of Special Fund money in hand.

Ques. 482. Then was not the amount of the expenditures of 1857 which had to be met by borrowed money £868,340?—In my answer to question 402 I stated that the deficiency on the ordinary and extraordinary expenses of the year, exclusive of the revenue from funds for which the Province is only trustee was £856,507 3s. 4d., and that this was met first by the issue of debentures, over and above what was required for the expenditure of the year authorized to be met by the issue of debentures, £431,640; secondly, excess of the income over the expenditure of Special Funds £68,781 6s. 2d.; thirdly, changes in the balances of cash and bank accounts £356,085 10s.

Ques. 483. Are all the entries in the Public Accounts of any one year, true entries of payments actually made in that year and receipts obtained therefor; or have entries been made of sums as paid that were not actually disbursed?—There are in the public accounts entries amongst the expenditure, of sums not paid during that year, but in previous years, which are first brought during that year to their proper accounts. There are also sums which were not paid by warrants which the Bank of Upper Canada or our agents in London have been instructed to pay; such sums are charged as paid in the public accounts, and at the same time, the Bank or our agents have credit for them. The great bulk of the payments are payments by warrant.

(By Mr. Cayley.)

Ques. 484. Are you aware of any intentional inaccuracy in the public accounts since you have had an opportunity of examining them?—There are a few items which I think have not been entered in the clearest and best way in which they might have been, but I am not aware of any intentional inaccuracy. I have called the attention of the Inspector General to them at intervals.

Ques. 485. In reference to these instances to which my attention has been drawn, have I, or have I not endeavored to secure a more satisfactory mode of conducting the business as far as my Department is concerned?—Mr. Cayley has always been willing to adopt suggestions as to improved methods of keeping public accounts, and I have this year received instructions from him that for the future all expenditure and receipts are to be stated in one general account, which I believe is the main thing wanted to make them clear and intelligible; these instructions were given nearly two months ago.

(By Mr. Brown.)

Ques. 486. To what extent have those entries existed of payments which appear as made that were not actually made, when the accounts of the year were closed?—The two principal items, the payments for which are made by instructions to Bankers and not by warrant, are payments of interest in England and payment of the sinking fund.

Ques. 487. In every case where such entries have been made of sums as actually disbursed, which were not disbursed, has the cash been paid immediately after the closing of the accounts and receipts obtained?—The Bankers are instructed to pay those sums in England, and they immediately get credit for the amount; I have no means of knowing what vouchers they produce to the Receiver General, in whose department the settlement of those Banking accounts lies. As far as the interest is concerned, I am aware that our agents send back the coupons at intervals.

Ques. 488. Please look at the Public Accounts of 1856, page 121, and say is the following entry a true entry: "Sinking Fund—For the following sum transmitted to the Bank of England for investment, *i. e.*: £50,012 18s. sterling, at 24s. 4d. currency, equal to £60,848 14s. 5d. currency!" Was any such sum transmitted to the Bank of England in the year 1856?—I stated before that the Bank of Upper Canada has instructions to pay the sinking fund; at what time they actually paid it to the Bank of England, I have no means of knowing.

Ques. 489. Was that sum of £60,848 14s. 5d. actually transmitted to the Bank of England, in the year 1856, or was it not?—I am not aware what is the exact time when the sinking fund is payable, but it is probably at the end of the year; at what time the Bank of Upper Canada paid the amount I have no means of knowing; but they got credit in our books in December, 1856.

Ques. 490. Was that sum of £60,848 14s. 5d. transmitted to the Bank of England in 1857?—I have stated before that the settlement of the Bank Accounts rests with the Receiver General; and it is only from the letters in his department that a proper answer to this question can be given. I can give no information on the subject.

Ques. 491. Do you mean to say that you do not audit the Bank Account annually, and compare the Bank Account with the entries in the Provincial Books?—I have nothing to do with auditing the Bank Accounts.

Ques. 492. Is there no voucher received for moneys paid on account of the Imperial Sinking Fund?—I must refer you to the Receiver General, in whose department the management of those accounts lies.

Ques. 493. Is the system of audit of the Public Accounts such that that entry of a payment of £60,848 14s. 5d. said to have been made in 1856, might have stood

for a year and a half without this money having been paid, and you ignorant of the fact that it was unpaid?—Yes; the Bank of Upper Canada having had credit for the amount as having it, if they had not paid it, I know of no way in which it would have come under my notice. This was one of the points which I considered unsatisfactory, and to which I called the attention of Mr. Cayley some months ago.

Ques. 494. Is it, or is not a fact that the entry on page 121 of the Public Accounts for 1856 was a false entry, and that the cash was actually unpaid until within a few weeks back?—The entry is exactly in accordance with what has always been the practice for years back with the sinking fund. Whether the bankers have been more dilatory in making the payment this year than formerly I know not.

Ques. 495. Please look at page 110 of the Public Accounts of 1857, and especially to the entry on that page "Sinking Fund—For the following sums "transmitted to the Bank of England for investment, *i. e.*: £50,000 sterling, at "24s. 4d. currency, £73,000," and say if that is a true entry, and if that sum was actually transmitted to the Bank of England in 1857?—I give the same reply to this question as to the former one relating to the sinking fund for 1856.

Ques. 496. How did you manage to make the accounts of 1857 balance, if that sum of £73,000 was not actually paid, as it appears in your balance sheet as paid?—It is evident that if it is charged as a payment on the one side, and our bankers get credit for it on the other, the accounts will balance.

Ques. 497. Which of your bankers was credited for this sum of £75,000?—I think it was the Bank of U. C., but, it not being under my control, I cannot speak positively; I wish to state to the Committee that I have specific duties assigned to me by the Audit Act; that the Deputy Inspector General, by the same Act, is entrusted with the keeping of the books of the Province, and especially with everything that regards the Public Debt. He is therefore the person who would give the best information as to these entries in the books.

Ques. 498. Is it or is it not the fact that the said entry on page 110 of the Public Accounts of 1857 is a false entry, and that the cash has actually not been paid in to the Sinking Fund up to this moment?—I do not consider that it can be considered a false entry, even if it should appear as implied by the question that the money has not been paid; but I think that the system which has hitherto been always pursued of assuming the payment to have been made, because our Bankers have been instructed to make it, is a bad system; it is convenient as bringing the whole transactions of the year into the public accounts, but it would be better to enter no payments except upon proof of the payment being actually made.

Ques. 499. Is that not a false entry which says a sum has been paid in 1856, which was not paid until April, 1858, and which leads Parliament to suppose that the conditions of the Imperial Sinking Fund were complied with, when in fact the Province was in default?—The question assumes facts as true, which I have already stated I have no means of knowing; and I have already stated that I think it would be better to make the entry otherwise; but if it is to be considered as a false entry, all our merchants' books abound in similar ones, who, upon giving a correspondent instructions to pay a certain sum of money for them, enter the amount to their credit.

(By Mr. Cayley.)

Ques. 500. Could the advance made to the Cobourg Road, of £16,000, in round figures, which was advanced and repaid during the course of 1857, correctly appear in the balance sheet of the Province, made up at the close of the year?—It could not possibly appear on the balance sheet.

Ques. 501. On a review of the total disbursements made by the Province for the year 1857, whether on account of its own direct liabilities or for loans and advances made on account of other parties or special accounts, and of the receipts of the Province from all sources applicable to these services, what do you find to have been the amount which the Province was called upon to raise by the issue of debentures?—£787,725 17s. 2d.

Ques. 502. Of the amounts so paid out in 1857 do not the following form a part:

Interest on Railroads.....	£443,028	2	9
Loan to Grand Trunk	160,000	0	0
Loan to Municipalities.....	60,636	11	7

—Yes.

The Committee then adjourned until to-morrow at 11 o'clock, A. M.

Wednesday, 23rd June, 1858.

MEMBERS PRESENT :

MR. HOGAN,
MR. BROWN,
MR. HOWLAND,
MR. FOLEY,
MR. SIMARD,
MR. SOMERVILLE,
MR. MATTICE,
MR. DUBORD,
MR. WHITE,
MR. LE BOUTILLIER,
MR. FERRES, and
HON. MR. CAYLEY.

Mr. *Hogan* was called to the Chair.

The minutes of the previous meeting were read and confirmed.

The Honorable *Sidney Smith*, Postmaster General, was in attendance.

The Chairman reported that Mr. *Conger* was in attendance.

On motion of Mr. *Brown*, it was

Ordered,—That a return of all Debentures issued under 19th and 20th Vic. cap. 86, and 20th Vic., cap. 17, respectively, up to the present date, together with the several amounts sold, to whom the debentures were sold, and the date and price of each sale, up to this date, and the amount now in the hands of the Provincial agents in London.

Mr. *Conger* was called in and examined :

(By Mr. *Brown*.)

Ques. 503. Were you Representative for the County of Peterboro' in last Parliament, and were you a candidate for re-election at the late general election?—I was.

Ques. 504. Did you, immediately preceding the general election, negotiate a loan of £25,000 from the Consolidated Municipal Loan Fund for the Town of Peterboro'?—Some time in the month of October, I made an arrangement with a person holding debentures for £25,000, to surrender them, and on application to Government, they consented to the exchange, and took the Town of Peterboro' in lieu of the Township of Wolford.

Ques. 505. Who was that person who held the Debentures?—The person who brought the debentures to me is C. A. Whittmarsh.

Ques. 506. Did Mr. Whittmarsh hold the Debentures as his own property, or as Reeve of the Township of Wolford?—I cannot say.

Ques. 507. What was the nature of your bargain with Mr. Whittmarsh?—My bargain with Mr. Whittmarsh was, that, if he surrendered the Debentures to me free of all incumbrance, he would get the proceeds of three debentures, equal to £1,500 sterling.

Ques. 508. Before closing this transaction, had you been in communication with the Government as to the operation?—The Government knew nothing of the nature of the transaction to my knowledge until three days before the transfer; they knew then by the petition I made to the Council to make the exchange, when I was obliged to state the name of the municipality; they knew nothing of the nature of the transaction between Mr. Whittmarsh and myself.

Ques. 509. Do you mean to say that you concluded the agreement with Mr. Whittmarsh without having had the consent of the Government to the exchange of Peterboro' for Wolford?—Yes, I mean to say they knew nothing about it.

Ques. 510. Did you not say a moment ago that you had obtained the consent of Government to an exchange of Debentures for the Town of Peterboro', but without having Wolford as the Township?—The Government were not applied to until five or six weeks after the arrangement was made with Mr. Whittmarsh.

Ques. 511. Was it before the debentures of Wolford were handed over to you by Mr. Whittmarsh?—Yes, it was; the debentures were not surrendered until after the Executive Council had sanctioned the exchange; the reason they were not surrendered was that I would not allow Mr. Whittmarsh to surrender them until I got the sanction.

Ques. 512. If the Government had not given their sanction to the exchange, would not the transaction between you and Mr. Whittmarsh have fallen through?—Certainly, the arrangement with Mr. Whittmarsh would have fallen through, so far as I was concerned.

Ques. 513. To what member of the Government did you explain the exchange of debentures you desired to effect?—I think I spoke to the Inspector General at one time, and asked him if there would be any objection to make the exchange. I made no explanation to Mr. Cayley or any other member of Government as to the nature of the transaction.

Ques. 514. What reply did the Inspector General make to your proposal?—The Inspector General said that if the security offered was equal to the security held he did not see that there could be any objection.

Ques. 515. Did he not ask the name of the Township for which the debentures had been issued?—He did not, and if he had I would not have told him.

Ques. 516. Did he ask whether the debentures had been regularly passed away by the Township, or if you obtained them direct from the Township?—He asked me no question of that kind, that I recollect of.

Ques. 517. What was the date of your Memorial to Government; and can you furnish a copy of it?—I kept no copy of the memorial; I think it was dated about the 25th or 26th November last.

Ques. 518. How soon after presenting it did you receive an answer?—I think within two or three days.

Ques. 519. How soon after were the new debentures issued?—The new debentures were issued the day after the surrender of the old ones, being the 28th November last

Ques. 520. How soon after getting the answer to your memorial did you surrender the debentures?—They were surrendered within two or three days after.

Ques. 521. And how soon after surrender were the new ones issued?—They were issued the next day, I think.

Ques. 522. Did you submit to the people of Peterboro' the particulars of the transaction, and obtain their consent, before you concluded the bargain with Mr. Whittmarsh?—I did.

Ques. 523. In what manner did you do so, and at what date?—Before the Council, on the 13th of October, and again on the final passing of the By-law.

Ques. 524. Did you tell them that you had agreed to pay Mr. Whittmarsh £1,500 sterling on the transaction? Did you say that the money was to go to Mr. Whittmarsh personally, or to the Township of Wolford?—I stated that the debentures could only be had on the payment of that sum, but they did not know the name of the party with whom I was dealing.

Ques. 525. Why did you conceal from them the name of the party with whom you were dealing?—Because I did not desire that any other party should have an opportunity of stepping in between and obtaining the debentures.

Ques. 526. In your negotiations with Mr. Whittmarsh, did he represent that he was acting for himself or for the Township?—Mr. Whittmarsh, as I have before stated, did not represent himself as acting for the Municipality, but merely as holder of the debentures.

Ques. 527. Was the By-law of Peterboro' regularly passed and approved by the Attorney General before the new debentures issued?—It was.

Ques. 528. Did you have that By-law passed and all these proceedings taken without having ascertained from any member of the Government that the exchange would be sanctioned?—No. From the conversation that I had with Mr. Cayley and other members of Government, I had an assurance that if the security or securities were equal, that there was a probability that the exchange would be allowed.

Ques. 529. To whom were the new debentures for the Town of Peterboro' delivered by the Receiver General? What was done with them? How and by whom was Mr. Whittmarsh settled with?—The new debentures were delivered to me by the Receiver General; and after paying Mr. Whittmarsh, as agreed, the remaining cash and debentures were handed over to the Treasurer of Peterboro'. While waiting for the sanction of the By-law, I had been endeavoring to dispose of some of them. I did dispose of four debentures of £500 sterling each.

Ques. 530. For what sum did you sell these four debentures of £500 sterling each, and how did you dispose of the proceeds?—The debentures were sold at eight per cent. discount, I think; the proceeds of three of those debentures were handed to Mr. Whittmarsh; the proceeds of the other, with the remaining debentures, were handed over to the Treasurer of the Town of Peterboro'.

Ques. 531. Is it or is it not the fact that the debentures you thus bought were the property of the Township of Wolford, that Mr. Whittmarsh merely held them as Reeve of the Township, and that he had no consent of the Township to sell them to you?—I know nothing about that; when he surrendered the debentures he exhibited to me an order or resolution from the Wolford Council, authorizing him to surrender the debentures.

Ques. 532. Then did you not know from that fact that the debentures were

the property of the Township of Wolford, and not Mr. Whittmarsh's personal property?—I knew that they had been the property of the Township of Wolford from that circumstance.

(By Mr. Ferres.)

Ques. 533. But did you not know how or by what arrangement Mr. Whittmarsh became possessed of them?—I did not know, never having had any communication or correspondence with the Municipality of Wolford.

(By Mr. Brown.)

Ques. 534. But from the fact of the surrender and the relieving of the Township from all responsibility, must you not know that no use had been made of the debentures by the Township, and that they were still the property of the Township?—I cannot say as to that.

Ques. 535. Do you know how Mr. Whittmarsh disposed of the £1,500 sterling paid him by you?—I do not.

Ques. 536. Did you receive any part of the money, or any consideration in lieu thereof?—I did not.

Ques. 537. Has the Township of Wolford taken any action upon this transaction?—I do not know.

Ques. 538. Has the Town of Peterboro'?—Not that I am aware of.

(By Mr. Cayley.)

Ques. 539. In what capacity did Mr. Whittmarsh hold the debentures belonging to the Township of Wolford?—I do not know; he never represented himself to me as being the agent of the Township of Wolford.

Ques. 540. How did you learn that he held the debentures?—From conversation held with him; I was making enquiries, and he informed me that he knew where £25,000 could be had.

Ques. 541. In what capacity did you apply for the transfer of the debentures to yourself, as agent for the Municipality of Peterboro' or otherwise?—As agent on behalf of the Town of Peterboro'.

Ques. 542. Was the Municipality of Peterboro' a consenting party to the arrangements you made on their behalf?—They were.

Ques. 543. How many months had passed between the issue of the debentures and their transfer to the Municipality of Peterboro', and were they chargeable with interest at the rate of eight per cent. from the date of their issue?—They had been issued nearly eighteen months, and were chargeable with interest at eight per cent. from the date of issue, besides a contingency for costs of issue.

Ques. 544. Did the arrangement made between you and Mr. Whittmarsh, that the debentures should be free of all incumbrance, throw upon Mr. Whittmarsh the payment of all interest to the date of the transfer?—Certainly, that was the understanding. The Municipality of Peterboro' was not to be liable for anything prior to the transfer.

Ques. 545. Was it to enable Mr. Whittmarsh to pay those arrears that you agreed to hand over to him the three debentures for £500 each above referred to?—That was what I understood. Whatever was due to the Government, prior to the transfer, Mr. Whittmarsh was to pay.

Ques. 546. For what purpose did you and the Town of Peterboro' desire to obtain these debentures?—To assist us in the construction of a Branch Railroad from the Town of Peterboro' to Millbrook.

Ques. 547. Is not that branch road a rival one to the Cobourg and Peterboro', and did not the parties interested in this latter road oppose the attempt to build the

Millbrook and Peterboro' branch?—It is a rival road, and the parties interested in the Cobourg Road did oppose its construction.

Ques. 548. Were you and Mr. Whittmarsh the only parties who had any knowledge of the transaction?—We were the only parties who knew anything of the transaction, with the exception of the Council of Peterboro'.

Ques. 549. What would eighteen months' interest on £25,000 currency at 8 per cent. amount to?—I cannot state the exact amount, but I think it amounted to a larger amount than I gave him.

(By Mr. *Ferres.*)

Ques. 550. Would not the interest of \$100,000 at 8 per cent. for a year be \$8,000, and for eighteen months \$12,000?—Yes.

Ques. 551. Are you quite certain as to the date at which you have said the old debentures were issued?—I cannot say.

(By Mr. *Brown.*)

Ques. 552. Has Mr. Whittmarsh paid the back interest on the Wolford debentures?—I do not know.

Ques. 553. Under the conditions of your agreement with Mr. Whittmarsh, ought not the back interest to have been paid over to the Receiver General when the Wolford debentures were surrendered?—I supposed it should. All I know is that the debentures were handed to me free of charge.

Ques. 554. You say that you had conversations with the members of the Government on the subject of the transfer of these Wolford Debentures; how often did you speak to the Inspector General on the subject, and where did you hold conversations with him?—I never spoke to the Inspector General on the subject but once, and that was on the street, between the Executive Council office and the Parliament Buildings. I think the Attorney General was with him at the time.

George Lowe Reid, Esquire, of Hamilton, was called in and examined:

Ques. 555. In a Return from the Inspector General's Department, it is stated that the Government, on the 5th September, 1857, purchased from you, for investment in the Grammar School Fund, £12,500 of Hamilton City Debentures, at 97½, and that you were paid in cash for the same £12,187 10s. 0d.; is that true? Were you paid that sum?—I know nothing of that particular transaction with Government.

Ques. 556. Did you, about that time, hold any debentures of the City of Hamilton? Did you dispose of them? To whom did you sell them, and at what price?—I did; I disposed of them to Dr. Clark, M. P. P., at a discount of 20 per cent.

Ques. 557. At what rate did you sell these £20,000 of debentures to Dr. Clark? Did you receive cash in payment; and if so, how was the money paid?—I made an agreement with Dr. Clark to receive £80 per hundred for £20,000 of Hamilton debentures, at the close of 1856 or the beginning of 1857; I handed over to a third party for Dr. Clark, the debentures, and he was to pay me a certain amount per month, so as to exhaust the sum in about six months; I think it was in January or February, 1857, and running from that to September then next.

Ques. 558. Who was the third party to whom you handed the debentures, and what were the conditions on which he was to hold them?—The third party was Mr. Hespeler. I never saw Dr. Clark after I gave the debentures to Mr. Hespeler.

Ques. 559. Was it part of your agreement with Dr. Clark that the debentures should be handed to Mr. Hespeler?—No.

Ques. 560. What was the object of putting the debentures in the hands of Mr. Hespeler?—I knew him as a friend, and did not know Dr. Clark.

Ques. 561. Were the instalments agreed to be paid by Dr. Clark regularly met; did you receive them in cash; and through whom did you so receive them?—I received the instalments from Mr. Hespeler. They were regularly paid in cash.

Ques. 562. Had you ever any communication with the Government on the subject of the purchase by them, of the said debentures; did you sign any power of attorney for their sale to the Government; did you sign any receipts to the Government for the proceeds of their sale, or any part thereof?—Yes; I had communication with the Government, and went with Mr. Hespeler to the Receiver General's office, Mr. Morrison, on one occasion, and was given to understand, after I left the office, from Mr. Hespeler, that I could get the eighty per cent. for the debentures. Although present, the conversation was chiefly carried on between Mr. Morrison and Mr. Hespeler. I signed no powers of attorney for the sale of the debentures to Government. I did not sign any receipt to Government for the proceeds of the sale of the debentures, or any part thereof, so far as I recollect, Mr. Hespeler having acted for me all the time; I did not charge my memory particularly with the details.

Ques. 563. At what date did this conversation take place at the Receiver General's office; was it before or after your agreement with Dr. Clark?—It was after the agreement with Dr. Clark, but I cannot give the date.

(By Mr. *Ferres*.)

Ques. 564. Did you enter into the conversation at the Receiver General's office yourself, and are the particulars of it fresh in your memory?—I have already said that it was conducted chiefly by Mr. Hespeler and the Receiver General, and I have a very indistinct recollection of the nature of it.

(By Mr. *Cayley*.)

Ques. 565. You say your memory is defective; have you any memorandum to which you can refer to assist your memory?—No.

Ques. 566. Was the Deputy Receiver General present at any time during the conversation?—No; I do not know Mr. Anderson by sight.

Ques. 567. Was the conversation carried on in the Receiver General's or the Deputy's room; the one is upstairs, the other on the ground floor?—It was in the Receiver General's office.

Ques. 568. Did you make Mr. Morrison aware of the terms of your agreement with Dr. Clark?—I did not.

Ques. 569. Was this conversation subsequent to your arrangement with Dr. Clark; was its object to satisfy yourself that the arrangement could be carried out?—Yes.

(By Mr. *Brown*.)

Ques. 570. Was it at Mr. Hespeler's request you went to the Receiver General's office?—I began to fear that the agreement with Dr. Clark could not be carried out, and on complaining of the delay to Mr. Hespeler, he arranged with me that we should go and see the Receiver General, and ascertain definitely.

Ques. 571. How did the Receiver General's name come into the transaction; were you informed that he was to buy the debentures?—I cannot say, but must have learned from Mr. Hespeler that it was in the Receiver General's office that the transaction with Dr. Clark was to be carried out.

(By Mr. *Ferres*.)

Ques. 572. Was this from your personal knowledge?—I inferred it from my communications with Mr. Hespeler.

(By Mr. *Brown*.)

Ques. 573. Were you not given to understand that the Receiver General had agreed to purchase the debentures from Dr. Clark, and that your money was to come through that channel?—No; I was not given to understand that till after leaving the Receiver General's office.

Ques. 574. How did Mr. Hespeler address the Receiver General when he opened the conversation about the debentures?—I have no recollection.

Ques. 575. Did he ask him whether money would be forthcoming on Dr. Clark's account, or what was the nature of the conversation?—I have no distinct recollection whatever of the conversation, further than that the substance of it was as to the value of the Hamilton debentures.

Ques. 576. What passed as to the value of Hamilton debentures?—I don't recollect. I think that Mr. Hespeler stated to the Receiver General that he could give a certificate from the Mayor of Hamilton, that Hamilton sterling debentures were then worth par in London.

Ques. 577. Were the debentures in question simply obligations of the City of Hamilton, or were they issued under the security of the Consolidated Loan Fund Act?—Simply obligations of the City of Hamilton.

Ques. 578. Did Mr. Hespeler share in the profits of the operation, or had Dr. Clark the whole?—I have no knowledge of any arrangement existing between them.

Ques. 579. Was your agreement with Dr. Clark an absolute agreement, by which you could have compelled him to pay you the instalments, or was it conditional on his part that he was able to effect a sale?—It was conditional on his being able to effect a sale.

Ques. 580. Did not Dr. Clark sell to Government for £19,500 the debentures he purchased from you at £16,000; were you not paid out of the money paid Dr. Clark by the Government; and did not Dr. Clark make £3,500 by the operation, without having advanced one shilling in cash?—I do not know what Dr. Clark received from Government; I was paid out of the proceeds of the sale of these debentures to Government by Dr. Clark, and only got £16,000.

(By Mr. *Cayley*.)

Ques. 581. At what rate were the Debentures handed over to you—from whom did you receive them?—I was partly paid for a Railway contract in Hamilton Debentures and Railway Bonds, in proportion of 60 to 40, which were averaged to me 80 per cent. by the Company. The Bonds were Preston and Berlin Railway Company.

Ques. 582. Then in fact you sold the Hamilton debentures at the rate at which you received them?—Yes, bearing in mind that a portion was in Railway Bonds.

Ques. 583. From whom did you receive them?—From the Preston and Berlin Railway Company.

Ques. 584. Were you the original contractor for the road?—I was.

Ques. 585. Had other parties, at any time, an interest in the road contract?—Yes; I had a partner, Mr. Ridley.

Ques. 586. Did your arrangement with Dr. Clark extend beyond the sale and base of the £20,000 Debentures?—It did not.

Ques. 587. To whom did you sell the balance of your Debentures, and at what

rate?—To various parties: partly in London and partly in this Province, and at rates ranging from 80 to 96.

Ques. 588. How were you paid for these you sold at ninety-five?—They were accepted in part payment of an account for rails.

Ques. 589. You say that Mr. Hespeler offered to produce a certificate from the Mayor of Hamilton, that Hamilton debentures were worth par, was Mr. Hespeler endeavoring to satisfy the Receiver General that that was their value?—Yes.

Ques. 590. In that case Mr. Morrison could not at the time have been made aware by you or Mr. Hespeler of the rate at which you had sold them to Dr. Clark?—I do not suppose that Mr. Morrison ever knew at what rate I sold the debentures to Dr. Clark.

(By Mr. Foley.)

Ques. 591. Do you mean to say then that Mr. Morrison accepted the representations of Mr. Hespeler as to the true value of the debentures without further enquiry?—I do not mean to say that Mr. Morrison rested satisfied on that representation only, nor do I know what did satisfy him.

(By Mr. Cayley.)

Ques. 592. Did you not think it your business, while Mr. Hespeler was persuading Mr. Morrison that the debentures were worth par, to make the Receiver General aware of your arrangement?—I did not. At that time I had bargained for 95 in London.

(By Mr. Foley.)

Ques. 593. How then did you come to sell at 80 when you had an existing arrangement to sell at 95, in London?—Because I received cash in the Province, without the expense of an agent in England and the commission to change currency debentures into sterling, which would have been charged by the City of Hamilton. Moreover this was a large amount, which it was important to negotiate at one sale. Under the particular circumstances I considered 80 to me here equal to 95 in England.

(By Mr. Cayley.)

Ques. 594. You then were satisfied with the arrangement you had made with Dr. Clark, had no desire to break it, and were only anxious to secure the strict fulfilment of it?—I was perfectly satisfied with the arrangement with Dr. Clark.

(By Mr. Howland.)

Ques. 595. Were the debentures sold by you in England sterling debentures; with the interest payable in England?—They were.

Ques. 596. Were the debentures sold Mr. Clark currency or sterling debentures?—They were currency.

Ques. 597. Was the rate at which you sold to Mr. Clark the current value in this country?—It was.

(By the Chair.)

Ques. 598. You have alluded to the name of Mr. Hespeler in your examination. Such allusion was on account of the Committee's deeming it necessary that his name and connection with the sale of the Debentures should be known?—It was.

Mr. Langton being called, answered in further reply to question

yesterday, that the additional loan to the Grand Trunk, in February last, was £27,000.

On motion of Mr. *Cayley*, it was

Ordered, That Mr. *Ferres*, Mr. *Hogan*, and Mr. *Cameron*, be requested to inquire into the cost and other particulars of departmental printing and stationery, also that of the two branches of the Legislature, since the period when Mr. *Draper* formed his Administration to the 1st January, 1858.

On motion of Mr. *Dubord*, it was

Ordered, That Mr. *Begley* appear before the Committee, and also Mr. *Harper*.

Mr. *Ferres* called the attention of the Chairman to the fact that there is no quorum. 2.20 p.m.

The Committee then adjourned.

Thursday, 24th June, 1858:

MEMBERS PRESENT :

MR. GALT, CHAIRMAN.

Hon. MR. CAYLEY,
MR. WHITE,
MR. FOLEY,
MR. JOHN CAMERON,
MR. DUBORD,
MR. CHAPAIS,
MR. HOWLAND,
MR. FERRES,
MR. SOMERVILLE,
MR. BROWN,
MR. HOGAN,
MR. LE BOUTILLIER, and
MR. MATTICE.

The minutes of last meeting were read and confirmed.

Mr. *Harper* attended the Committee.

Mr. *Anderson* was called in and answered to questions previously put to him.

Ques. 598. Were you for some years Deputy Receiver General of the Province, and when did you resign your office?—Such is the case; and I resigned my office as such on the 6th May last, and ceased to perform duty on the 18th May.

Ques. 599. Are you intimately conversant with all the financial transactions of the Province since Mr. *Cayley* became Inspector General?—I am pretty generally so.

Ques. 600. Are all transactions connected with the sale or purchase of Debentures and Foreign Bills of Exchange, by Government, conducted through the Receiver General's Department?—They are so conducted; but the Inspector General or his Deputy must be, or ought to be, conversant with all the details, inasmuch as one or other of them countersign all checks for payment—all Debentures and Bills of Exchange; and are regularly furnished, by the Receiver General's Department, with copies of all letters from the Provincial agents in London.

Ques. 601. What has been the practice in regard to Sterling Debentures payable in London and sold there: are they all sold through Baring & Co., and Glyn & Co.? Do these firms sell them, as brokers, to the public, for the benefit of the Province, and receive a commission on their sales; or do they buy the Debentures in gross from the Province, on their own account, and re-sell them at a profit?—The practice is, and has been, that all Sterling Debentures payable in London are sold through the agency of Messrs. Baring Brothers & Co., and Messrs. Glyn, Mills & Co. These firms sell them as agents to the Province, and it is to be presumed, in all cases, through the instrumentality of a broker, inasmuch as they invariably charge 1 per cent. commission on the sales and $\frac{1}{4}$ per cent. brokerage. I am not aware of either of these firms having at any time been purchasers on their own account, although they have not in all cases transmitted the broker's notes of sale; in fact they have only done so in very few cases.

Ques. 602. Are Barings and Glyns in the habit of transmitting to the Receiver General, by each mail, a report of the value of 6 per cent. Provincial Debentures in the London money market? Have you had occasion to compare these reports with the London newspaper price-lists, and did you find them accurate? And can you, from Barings' and Glyns' returns, make up an accurate statement of the market value of said Debentures, since 1st January, 1855?—Messrs. Glyn have always been in the habit of transmitting, in their weekly correspondence with the Receiver General, the value of 6 per cent. Debentures of the Province in the London market. Messrs. Baring have seldom done so. I have occasionally compared their quotations with the London papers' price-list, but generally found their quotations below that of the newspapers—the difference, however, being trifling. I furnish herewith a statement from Messrs. Glyns and Barings' letters, of the value of Debentures of the Province, from June 1855, to 28th May, 1858:

VALUE of Debentures of the Province in London. Extracted from Messrs. Glyn & Baring's Letters to Receiver General, of dates as under.

1855.				1857.			
June 19...	Glyn & Baring, joint	113½ @ 114½		April 24...	Baring Bros. & Co.	112½	
August 10...	Glyn, Mills & Co.	114½				£6500 sold	
Oct. 19...	Do do	106 @ 106½		May 1...	Glyn, Mills & Co.	111½ @ 112	
" 26...	Baring, Brothers & Co.	107½ @ 108½		" 1...	Baring Bros. & Co.	£4000, 5 per ct.	
Dec. 14...	Do do	110 sale.		" 8...	Glyn, Mills & Co.	sold @ 100½	
" 21...	Glyn, Mills & Co.	109½ @ 110 sale.		" 5...	Baring Bros. & Co.	112½ @ 112½	
1856.						112½, £21,500	
Feb. 1...	Baring, Brothers & Co.	109½ @ 110 sale.		" 15...	Glyn, Mills & Co.	sold @ 112½	
" 15...	Glyn, Mills & Co.	107½ @ 108		" 22...	Do do	112 @ 112½	
" 20...	Do do	108½ @ 109½		" 22...	Baring Bros. & Co.	100½, 5 per ct.	
March 14...	Do do	108½ @ 109				£1500 sold	
April 4...	Do do	108 @ 108½		" 29...	Glyn, Mills & Co.	800	
" 18...	Do do	109½		June 5...	Do do	112 @ 112½	
" 25...	Do do	111 @ 111½		" 12...	Do do	112 @ 112½	
May 2...	Do do	111 @ 111½		" 19...	Do do	112½ @ 113½	
" 9...	Do do	111 @ 111½		" 26...	Do do	114 @ 115	
" 16...	Do do	111 @ 111½		" 3...	Do do	114½ @ 115½	
" 23...	Do do	112		July 3...	Do do	112	
June 6...	Do do	112 @ 112½		" 10...	Do do	113½ @ 114	
" 13...	Do do	112 @ 112½		" 17...	Do do	113½ @ 114	
" 20...	Do do	113 @ 114		" 24...	Do do	114	
" 27...	Do do	115 or 112 six dis.		" 31...	Do do	113½ @ 114	
July 4...	Do do	115		August 7...	Do do	113 @ 113½	
" 11...	Do do	114½ @ 115½		" 14...	Do do	112 @ 113	
" 18...	Do do	114½ @ 115½		" 21...	Do do	112 @ 112½	
" 25...	Do do	£2700 @ 115 }		" 28...	Do do	111 @ 111½	
August 1...	Do do	114½ @ 115½		Sept. 4...	Do do	111 @ 111½	
" 8...	Do do	114½ @ 115		" 11...	D1 do	110½ @ 114	
" 15...	Do do	114½ @ 114½		" 18...	Do do	109½ @ 110½	
" 22...	Do do	114½ @ 114½		" 25...	Do do	110	
Sept. 5...	Do do	114 @ 114½		October 2...	Do do	109½ @ 110½	
" 12...	Do do	113½ @ 114		" 9...	Do do	109½ @ 110	
" 19...	Do do	113½ @ 113½		" 16...	Do do	108½ @ 109½	
" 26...	Do do	113 @ 113½		" 23...	Do do	109½ @ 109½	
Oct. 3...	Do do nominal	111½ @ 112		Nov. 6...	Do do	108½ @ 109½	
" 10...	Do do	111½ @ 112		" 13...	Do do	107½ @ 108	
" 17...	Do do	112 @ 112½		" 20...	Do do	107½ @ 108	
" 24...	Do do	112 @ 112½		" 27...	Do do	107 @ 107½	
" 31...	Do do	112½ @ 113		Dec. 4...	Do do	105 @ 106	
Nov. 7...	Do do	113½ @ 113½		" 8...	Do do	106 @ 106½	
" 14...	Do do	113 @ 113½		" 11...	Do do	107½ @ 108	
" 21...	Do do	113½ @ 114		" 18...	Do do	108½ @ 109	
" 28...	Do do	113½ @ 113½		" 24...	Do do	110½ @ 111	
Dec. 5...	Do do	113½ @ 113½		1858.			
" 12...	Do do	113½ @ 113½		Jan. 1...	Do do	109½ @ 110	
" 19...	Do do	113½ @ 113½		" 8...	Do do	109½ @ 110½	
" 26...	Do do	113½ @ 113½		" 22...	Do do	110½ @ 111	
1857.				" 28...	Do do	111½ @ 112	
Jany. 2...	Do do	110 @ 110½		Feb. 5...	Do do	113½ @ 114	
" 9...	Do do	109½ @ 110½		" 12...	Do do	113 @ 113½	
" 16...	Do do	110 @ 110½		" 19...	Do do	114½	
" 23...	Do do	110 @ 110½		" 26...	Do do	114 @ 114½	
" 30...	Do do	110 @ 110½		March 5...	Do do	113½ @ 114½	
Feb. 13...	Do do	110½ @ 110½		" 12...	Do do	113½ @ 113½	
" 20...	Do do	110½ @ 111		" 19...	Do do	113½ @ 113½	
March 6...	Do do	110½ @ 111		" 26...	Do do	113½ @ 113½	
" 13...	Do do	110½ @ 110½		April 1...	Do do	113 @ 113½	
" 20...	Do do	111 @ 111½		" 8...	Do do	113 @ 113½	
" 27...	Do do	112 @ 112½		" 16...	Do do	113½ @ 114	
April 3...	Do do	112½ @ 112½		" 23...	Do do	114½ @ 115	
" 10...	Do do	112½ @ 112½		" 30...	Do do	114½ @ 115	
" 17...	Do do	112½ @ 112½		May 7...	Do do	115½ @ 116½	
" 24...	Do do	112½ @ 112½		" 14...	Do do	115½ @ 116½	
" 31...	Do do	112½ @ 112½		" 21...	Do do	116 @ 116½	
				" 28...	Do do	116½ @ 117	

N. B. It will be perceived by the foregoing that Baring Bros. & Co. *only quote* 19th June, 1855, *jointly with Glyn & Co.*, and once after.

Several quotations are noted above, being *actual sales*, which please notice.

Also several sales of 5 per cent., also notice included.

C. E. ANDERSON.

Ques. 603. From 1st January, 1855, up to the date of your leaving the Receiver General's Office, what amount of Provincial Debentures had been sent to Barings' and Glyn's for sale in London; what portion of the same had they sold, and at what price, and what amount remained in their hands unsold. Please separate each parcel of debentures in your answer, and designate the date of transmission and sale in each transaction as nearly as you can?—I have endeavored to get this information from the Receiver General's office, but have not received it sufficiently complete to furnish the statement asked for; I should prefer it being made by the Receiver General's department.

Ques. 604. How are the Glyn's and Barings' guided in their operations in Provincial debentures; are they left free to act on their own judgment, or do they act on instructions from the Government here as to the price they shall accept? Do they sell by private bargain or invite public tenders? Do they act as brokers for the Province, and return regular account sales of each transaction, or do they buy from the Government in gross and re-sell to the public for their own benefit?—In so far as regards any instructions from the Receiver General's Department, Messrs. Barings and Glyn's have heretofore been left free to act on their own judgment as to the sale of any debentures transmitted them for sale on account of the Province, with one or two exceptions. As I have already stated, their accounts go to shew that they act as agents, and employ a broker, as they always charge $\frac{1}{4}$ per cent. brokerage, besides their commission of one per cent. I have no reason to know that they have ever purchased from the Government in gross, and then re-sold to the public for their own benefit. They have generally rendered account sales of each transaction. I have always been under the impression that the Inspector General corresponded with Messrs. Glyn's and Barings as to the negotiation of debentures sent home for sale. I know Mr. Hincks did so, and I conceive it to be the duty of the Inspector General, and not that of the Receiver General.

Ques. 605. Is there a Current Interest Account kept between the Government and the London agents; do they allow interest on current balances in their hands, and charge interest on over-drafts, and if so, at what rates?—The semi-annual accounts rendered by Messrs. Glyn's and Barings are not made up with interest. When the Province has had money in their hands (which has been but rarely) they have not allowed interest, but when they have accepted exchange on account of debentures in their hands not then sold, their habit has been to charge the Province interest, six per cent., from maturity of exchange until they are reimbursed by sales of debentures.

Ques. 606. Do Barings and Glyn's advise the Government weekly of all sales of debentures made since last advices, and with what member of the Government is such correspondence carried on?—Messrs. Barings and Glyn's have heretofore advised the Receiver General weekly of all sales of debentures made on account of the Province.

Ques. 607. Are copies of every letter from Barings and Glyn's regularly sent to and filed in the Inspector General's office?—Copies of all Letters and Accounts from Messrs. Glyn's and Barings to the Receiver General have been regularly sent to the Inspector General's Department; they are entered in a book, so that none of them can go astray.

Ques. 608. Does the Inspector General also correspond directly with Barings and Glyn's?—Personally I am not aware that he does. I have always been under the impression that he did, and I have always looked upon it as his duty to instruct the agents relative to the sale of Debentures; and I have reason to believe that he has been in the habit of corresponding directly with the firms named.

Ques. 609. What is the commission paid these firms for selling debentures, redeeming debentures, and paying dividends respectively?—They charge—For

selling debentures, 1 per cent. commission, and $\frac{1}{2}$ brokerage. For redeeming debentures, 1 per cent. commission, I believe. For paying interest dividends, 1 per cent. on the interest.

Ques. 610. Is the Government of Canada bound by an agreement made between Messrs. Barings & Glyn's and the late Inspector General, Mr. Hincks, to sell and redeem all their debentures and to pay all dividends exclusively through the agency of these two firms?—Such an agreement was entered into by Mr. Hincks, and I believe it still exists and is carried out.

(By the Chairman.)

Ques. 611. Can you state how the said agreement was made by the Government: whether by Order in Council or in what other way?—I believe in 1848 an Order in Council was passed, at the suggestion of Mr. Hincks, who was then in England.

(By Mr. Brown.)

Ques. 612. What has been the practice in regard to interest uncalled for; have Barings and Glyn's regularly returned to the Receiver General the discharged coupons, and debited the Province with only the amount they actually paid; or have they regularly taken credit for all the interest falling due whether paid or not?—The practice has been, and still continues, for the Province to remit to the agents the full amount of interest falling due in London, at the various periods, and for which the agents give the Province credit, and charge the full amount of interest falling due against the same, quite irrespective as to whether all the coupons are presented or not; it was not the habit of the agents to transmit the redeemed coupons to this country, until I suggested the propriety of it to the Receiver General, some five years back: since when they have been regularly transmitted, as well as all coupons they had previously redeemed.

Ques. 613. Have the redeemed interest coupons ever been checked off and verified since the union of the Provinces?—Those coupons redeemed in the Province have been regularly checked off, and are kept up to the day. Those redeemed in England are in progress of being checked off; but so many years (some ten) having been allowed to elapse before the process was commenced, that the operation is most tedious, and is not yet completed, although I believe very nearly so.

Ques. 614. Is it not within your knowledge that a large number of coupons payable in England, past due, have never been presented for payment; and that the cash for them still remains in the hands of Baring and Glyn?—When I left the Department, apparently there were a great many blanks to fill up; but there were still a lot of coupons left, which might fill up these blanks. The coupons left to post were apparently of a recent date, while the blanks were of an old date.

(By the Chairman.)

Ques. 615. How were the coupons sent out? Were they in half-yearly parcels, or have the Department arranged them in such parcels since receipt?—They were not arranged with any regularity by the agents, and have since been put in order, or are now being so, by the Department.

(By Mr. Brown.)

Ques. 616. What amount of Debentures for which the Province is directly or indirectly liable passed through the hands of Baring and Glyn for sale or redemption in the six years from 1st January, 1852, to 31st December, 1857, and what was

their commission thereon?—I cannot obtain that information; I made the application at the Receiver General's office, but have not got it.

Ques. 617. What is the amount of dividends now annually payable through these two firms, and how much annual commission is paid them upon the same?—I beg to refer to the Receiver General's office.

Ques. 618. By an official return from the Inspector General's Department, it appears that in the year 1855, Provincial debentures were sold in England at the following prices:

£91,400	at	14½	per cent.	premium.
260,000	at	10	do	do.
8,700	at	8½	do	do.
4,000	at	3½	do	do.
166,000	at	2½	do	do.

Will you please to explain how so wide a variance occurred in the prices obtained in one year?—I believe the £156,000 to be a portion of Debentures received by the Hon. John Hillyard Cameron, for the Clergy of the Church of England. At the time they were received by him no rate of premium was fixed, and it was agreed between the Government and Mr. Cameron that the rate should be fixed by the average rate at the interval of six months January and July. I speak from memory. The rate of 2½ was fixed by the agents of the Province in London at that time.

Ques. 619. Were the said debentures fives or sixes?—I refer to Receiver General's Office.

(By the Chairman.)

Ques. 620. Was the rate of 2½ per cent. the result of that agreement, and not a sale made in the market by the London agents?—It was the result of that agreement.

Ques. 621. Was the same arrangement made with the Clergy of the other denominations, and can you state whether the same rate of premium was fixed in their cases also?—The understanding was that the settlement with them was to be carried on the same principle, unless in cases where a different arrangement had been specially made.

(By Mr. Cameron.)

Ques. 622. Do you know at what rate the Government sold the amount of debentures paid over to Mr. Hugh Allan on behalf of the Clergy of the Church of Scotland?—I cannot tell the rate; I know Mr. Allan offered to take some at a certain rate which was accepted.

Ques. 623. Did not the Government state at the time of this negotiation with Mr. Allan that the arrangement made with him was the same as that upon which the Government had settled with the parties acting for the Church of England?—I am not aware.

(By Mr. Brown.)

Ques. 624. The Committee observe from an official Return of the Inspector General's Department, that in the year 1856, sterling debentures of the Province, payable in London, were sold in England to the extent of £395,524 13s. 4d., all bearing six per cent. interest; and that of the said sales £23,000 were sold at 10 per cent. premium, £20,000 at 10½, £52,000 at 10½, £100,000 at 13, £28,400 at 13½, £21,600 at 13½, £10,000 at 13½, £35,000 at 14, £50,000 at 14½, and £50,000 at 15; please state if these sales were made to Glyn & Co., and Baring

. & Co., on their own account, or by them to third parties for the benefit of the Province?—As I have already stated, I am not aware of any sale of debentures having been made to Messrs. Glyn or Barings direct, and I have never seen any documents from which I could draw such a conclusion.

Ques. 625. The Committee observe from the official return referred to, that in the year 1857, sterling debentures of the Province, payable in London, were sold in England to the extent of £852,396 13s. 4d., and that the following return is given of the prices obtained for them:—

£1,700	five per cents	.....	At par.	
40,800	do	.....	at $\frac{1}{2}$	per cent premium.
800	do	.....	at 1	do
3,000	six per cents	.....	at 9	do
31,000	do	.....	at $9\frac{1}{2}$	do
1,500	do	.....	at $9\frac{3}{8}$	do
12,000	do	.....	at 10	do
19,000	do	.....	at $10\frac{1}{2}$	do
25,000	do	.....	at 11	do
18,900	do	.....	at $11\frac{1}{2}$	do
38,200	do	.....	at 12	do
32,500	do	.....	at $12\frac{1}{2}$	do
40,500	do	.....	at $12\frac{1}{2}$	do
26,000	do	.....	at $12\frac{3}{8}$	do
16,600	do	.....	at $12\frac{1}{2}$	do
2,000	do	.....	at $13\frac{1}{2}$	do
379,800	do	.....	at 3	do

Please explain how it came that £266,200 of six per cent. debentures were thus sold at an average of nearly 12 per cent. premium, and £377,800 at only three per cent. premium?—Twelve per cent. seems, according to Glyn's quotations of the market, to be the fair average value during the periods of sale, but I am quite at a loss to understand what the amount £379,800 at 3 per cent. premium can refer to; I am aware of no such sale in 1857, nor at any other time; I am aware of a sale in 1857 £500,000 sterling at 3 per cent., but of no other sum at any such low rate.

Ques. 626. What was the date of the said sale, and from what date did the said £500,000 of debentures bear interest?—The date of the sale of the £500,000 sterling at 3 per cent. premium was December, 1857, and the debentures bore interest from 1st July, 1857.

Ques. 627. What was the date of the letter advising the Government of the said sale, on what day was it received in Canada, and from whom was the advice received?—The date of the letters from the London agents advising of the sale of the £60,000 sterling was, from Messrs. Glyn Mills & Co., 4th December, 1857; from Baring Brothers & Co., 4th December, 1857; and the letters must have been received in Toronto, say about 19th or 20th December, 1857.

Ques. 628. Can you furnish, from the Receiver General's files, a copy of all the correspondence in regard to this transaction?—I hand in the copies asked for.

Extract from a letter of Messrs. Glyn Mills & Co., London, under date 4th December, 1857.

“You will have perceived by our late remarks for several mails that it has been impossible, in the market, to dispose of the Province Bonds transmitted for sale to Messrs. Barings and ourselves, we have therefore, in consultation

"with these friends, deemed it advisable to arrange for the disposal of £500,000, by tender at 103, the payment thereon to be made at the following dates, viz:

" 20 per cent.....	5th December.
" 20 per cent.....	19th do
" 15 per cent.....	1st January.
" 25 per cent.....	8th do
" 23 per cent.....	29th do

"We may add that the purchasers pay interest at 6 per cent. upon all the instalments after the 5th instant, making the net price to the credit of the Province 103 per cent., less commission and brokerage. Forced sales to meet the bills drawn would have seriously depressed the price, and we feel assured that the interests of the Province, under the circumstances, have been promoted by this arrangement."

A true extract.

Extract of communication from the Honorable the Receiver General to Messrs. Glyn Mills & Co., dated 28th December, 1857, in reply to theirs of the 4th.

"I had this pleasure last, under date 21st instant, as per duplicate herewith, since when I have the honor to acknowledge the receipt of your communications of 4th, 8th, and 11th instant, contents of which are duly noted.

"The sale of the £500,000 debentures by yourselves and Messrs. Barings at 103 per cent., will, no doubt, under the circumstances, be satisfactory to the Government, the members of which are still engaged in their elections."

Extract from letter dated London, 4th December, 1857, from Baring Brothers & Co.

"You will have remarked that for some time past our sales of Provincial Bonds for account of the Government have ceased, and our inability to make any progress in their realization has arisen from the fact, that when money is worth 10 per cent. per annum, there is no temptation to invest in bonds which barely give 6 per cent. interest, and that the money pressure induced many holders to sell their bonds at whatever price they could obtain, and thus these bonds were always offered under the rate, however low, which we might fix.

"It became, therefore, evident to Messrs. Glyn Mills & Co., and ourselves, that in order to make that progress in the sale of bonds with us, which the Government evidently expected and which the state of its account rendered necessary, it became advisable to abandon the plan of realising in small parcels and in retail, which would only have lowered the price without attaining our object, and to resort to a realisation by subscription of a considerable amount of Bonds at a rate which would induce both a speculation and investment. We have, therefore, concluded, conjointly with our friends and neighbours, a sale of Bonds for £500,000 (of which we deliver half) at the price of 103 per cent. for 5th instant, but payable in the following instalments, viz:

" 20 per cent. on.....	5th instant.
" 20 do	19th do.
" 15 do	1st January, 1858.
" 25 do	8th do.
" 23 do	29th do.

" 103 per cent.

“and as the purchasers pay interest at 6 per cent. upon all the instalments after 5th inst., there is no loss on this score to the Government, and the sale is equivalent to one at 103 per cent. for the 5th instant, which whilst the facility thus accorded to the buyers enables us to obtain the terms of our contract, which we consider favorable in the present financial position of this country, and we do not doubt but that the Government will approve our conduct, which has been dictated by a regard for its interests, under all the circumstances of the existing difficult times.”

Extract of communication from the Hon. the Receiver General to Messrs. Baring Brothers, also dated Toronto, 28th December, 1857, in reply to theirs of 4th :

“I had this pleasure last, under date 21st instant, as per duplicate herewith, since when I have the honor to acknowledge the receipt of your communications of the 4th and 8th instant, contents of which are duly noted.

“The sale of the £50,000 debentures by yourselves and Messrs. Glyn at 103 per cent. will no doubt under the circumstances be satisfactory to the Government, the members of which are still absent engaged in their election.”

Ques. 629. When you got these documents from the Receiver General's Department, did you ask for entire copies or merely extracts?—I asked for copies of the above letters, and not for extracts.

Ques. 630. Is there not a material omission from the letter of Glyn, Mills & Co., in the extract given?—There is a very important postscript to Messrs. Glyn's letter, which is omitted. The purport was, that we quote the market price of these debentures, to-day, at 105 to 106.

Ques. 631. Were you the writer of the replies of which you have furnished extracts, and did you make any further remark upon the sale than is included in the extracts furnished?—I was. I believe I did not, so far as I can remember, make any further remarks upon the sale than is included in the extracts furnished.

Ques. 632. Do you consider the postscript was wilfully omitted?—I think it is an oversight on the part of the person who copied it.

Ques. 633. Did the buyers of the said £500,000 of debentures draw interest on the whole sum from 1st July, 1857, notwithstanding that the purchase was not made until 5th December, 1857?—They did. •

Ques. 634. Did not this back interest amount to £12,500, or 2½ per cent. on the whole transaction? and was not the premium on the sale of the £500,000 thereby reduced to one-half of one per cent?—Yes; that is actually the case.

(By Mr. Galt.)

Ques. 635. Are you aware of any correspondence with the London agents, shewing that what you have stated was the arrangement made? Can you state that the interest was remitted to London in such bonds?—Yes; I am aware that the interest was paid. As I have stated, there was no correspondence, the accounts current with the London agents show it.

(By Mr. Brown.)

Ques. 636. What commission did the Provincial agents charge on the transaction?—They charged 1 per cent. commission, and ¼ per cent. brokerage.

Ques. 637. Then, in fact, was not the nett product of this £500,000 sale of six per cent. debentures, not three per cent. premium, as represented by the Inspector General's Department, but three-quarters of one per cent. discount?—Yes; the actual nett proceeds of the sale to the Province was at three-fourths per cent. discount.

Ques. 638. In addition to the sum of £12,500 paid to the buyers of these debentures as interest which never was earned,—is it, or is it not, true that another condition of the sale was that part of the money only should be paid down, and that credit should be given for the balance?—The copies of Glyn & Barings' letters herewith shew such to be the case, and what the credit was; the last instalment of 23 per cent. being only payable 29th January, 1858.

By Mr. *Ferres*.

Ques. 639. Was not interest paid by the purchasers on instalments due after 5th December, the date of negotiation?—It is so stated by those letters.

(By Mr. *Cayley*.)

Ques. 640. Were the purchasers at the time the latter instalment became due, in possession of the debentures, and was not part of the debentures only transmitted in 1858?—When the agents made the sale of £500,000 in December, 1857, they had not that amount of debentures in their hands for sale, by some £130,000, which was sent to them subsequently in January following.

Ques. 641. Does not that explain why the amount, as sold in 1857, was sold at £376,800—have you any doubt that the £376,800, referred to in question 625, forms a portion of the half million, the arrangement to negotiate which formed the subject of the communication of the 4th December?—I have no doubt but it does make part of it, but I cannot understand why the whole amount was not entered at the time of the advice of sale. If a merchant sells 10,000 barrels of flour in December deliverable in January or February, he surely would not wait until the flour was delivered to make the entry in his books.

(By Mr. *Brown*.)

Ques. 642. Pray look at the return of quotation by Glyn Mills & Co., of the weekly price of six per cent. debentures in the London market, and say on what date the lowest quotation occurs, between 19th June, 1855, and 28th May, 1858?—On the 4th December, 1857; the rate being then 105 to 106.

Ques. 643. Was not that the very day when this sale of £500,000 of the six per cent. Debentures was reported to have been made by Glyn Mills & Co.?—Yes.

Ques. 644. Was not the quotation the very week preceding that sale 107 to 107½?—So the return shows.

Ques. 645. What was the quotation of six per cent. in the London market on the day the second instalment of 20 per cent. was payable—namely, 19th December, 1857?—Glyn's return shows on the 18th December, 1857, that the rate was 108½ to 109.

Ques. 646. What was the quotation on the day the third instalment of 15 per cent. was payable—namely, 8th January, 1858?—On the 1st January it was 109½ to 110.

Ques. 647. What was the quotation on the day the fourth instalment of 25 per cent. was payable—namely, 8th January, 1858?—On the 8th January, 1858, it was 109½ to 110½.

Ques. 648. What was the quotation on the day the fifth instalment of 23 per cent. was payable—namely, 29th January, 1858?—On the 28th January, 1858, it was 111½ to 112.

Ques. 649. Has there ever been within your knowledge so bad a sale of Provincial Debentures as this?—I am not aware of so unprofitable a sale of sterling 6 per cent. Debentures.

(By Mr. Cayley.)

Ques. 650. You acknowledge the receipt of Messrs. Barings and Glyn's letters advising the sale of half a million of Provincial Debentures, in the absence of the Receiver General at his election, and stated that you had no doubt it would be considered satisfactory; was that the opinion you entertained at the time?—It was the opinion I had at the time that the Ministry would be satisfied. I decline to give my private opinion.

Ques. 651. Was that the opinion you entertained as Deputy Receiver General?—My opinion as Deputy Receiver General would be the same as my private opinion, which I decline giving.

(By Mr. Cameron.)

Ques. 652. What was your own opinion as to the sale made by the Agent of the Government, under the circumstances, explained by them as to the state of the money market at the time the sale of the Debentures was effected?—I conceive the sale was a very bad one, and, if it had been properly looked after, no such sale would have been effected.

Ques. 653. Were the Receiver General and Inspector General in the City at the time the advice of this sale was made? if not, who made the entry of this sale in the books of the Receiver General's Department, and under whose management was the latter Department at that period?—I believe that neither of them were in town when the advice of the sale arrived; Mr. Morrison was made aware of it immediately. I presume the book-keeper made the entry at the Receiver General's Department. When Mr. Morrison was present, the management was made under his direction, and, when he was not there, it was under mine.

(By the Chairman.)

Ques. 654. Was the letter by you in answer to Messrs. Glyn's & Barings, dated 28th December, 1857, written under Mr. Morrison's instructions, or those of the Inspector General?—The letter was not written under their instructions.

(By Mr. Cameron.)

Ques. 655. Did Mr. Morrison, even when present, attend to the details of the office?—On many occasions he did.

(By Mr. Ferres.)

Ques. 656. Did you point out to the Receiver General the state of the transaction referred to, when he came back from his election, and in the view indicated by your private opinion now given?—I did.

(By Mr. White.)

Ques. 657. Was it your opinion that the transaction at the time was for the benefit of the Province, or was it absolutely necessary to make such sale to maintain the credit of the Province?—My opinion is that better arrangements could have been made. I do not think it was necessary to make that sale to maintain the credit of the Province.

(By Mr. Cameron.)

Ques. 658. Do you know any similar transaction as that now under discussion having taken place in this country, when debentures are sold and the proceeds are paid in time, with respect to payment of interest on deferred payments, and coupon interest being paid to purchasers?—I am aware of such transactions having taken place.

Ques. 659. Please look at page 121 of the Public Accounts of 1856, and especially at the following entry: "Sinking Fund—For the following sum transmitted to the Bank of England for investment, i. e., £50,012 13s. sterling "at 24s. 4d. currency, equal to £60,848 14s. 5d.," and say if that sum was so transmitted to the Bank of England in the year 1856?—It was not due till the end of the year.

Ques. 660. Had the money been transmitted up to the date you left the Receiver General's Department on the 18th May, 1858?—Yes, exchange had been sent home for it.

Ques. 661. At what date was Exchange so sent home for it?—I cannot tell without reference to the Receiver General's books.

Ques. 662. Was it in 1857 or 1858?—I believe it was in 1858.

Ques. 663. Do you mean to say that the payment entered in the Public Accounts of 1856, as made, was not in fact paid until 1858?—Such is the case I believe.

Ques. 664. How was the cash sent?—By Bill of Exchange, direct from the Receiver General's office to the Bank of England.

Ques. 665. The Auditor has stated to the Committee that the Bank of Upper Canada was instructed to pay the said sum at the close of the Accounts of 1855, and that that institution was credited with the amount at that date; is this correct?—I believe what the Auditor states is correct, but the Banks were not in funds, and they did not do it.

Ques. 666. Was the Bank formally instructed by your department to pay the said sum?—Not by letter, but was on more than one occasion asked to provide for it.

Ques. 667. What reason was given by the bank for not doing so?—The bank said that the payments were very heavy, and that they would send it by next mail.

(By the Chairman.)

Ques. 668. Was the bank in funds at the time?—Yes, I think they were in funds at the time, but the Provincial payments were large; I have frequently spoken to Mr. Ridout on the subject.

(By Mr. Brown.)

Ques. 669. Had it been the habit to make these payments through the bank in previous years, or was this the first occasion when the request was made?—My impression is this was the first occasion, as it was always done before by the purchase and remittance of exchange direct to the Bank of England.

Ques. 670. Please look at page 249 of the Public Accounts of 1856, and especially at the return signed "W. Cayley, Inspector General," and entitled "A Statement shewing the amount at credit of the Sinking Fund of the Province of Canada, up to the 31st December, 1856, the same being invested in reduced "three per cent. annuities;" and say if the statement then made that £603,200 9s. 9d. sterling had up to 31st Dec., 1856 been invested to the credit of the said Fund, was a true statement?—I do not think that Mr. Cayley meant that that sum of £50,012 13s. was invested at the period he signed this, as he could not have had any return of it at the time; the entry says the money was transmitted, but it does not say it was invested.

Ques. 671. Does not the statement in question profess to be a return of the amount "up to the 31st December, 1856, invested in reduced three per cent. annuities," and was such sum of £603,200 either "invested" or "transmitted" up to the said date?—The heading would bear the construction that the full

amount was invested, but the entry of the £50,012 18s. referred to does not show that the amount was invested, and it could not, as that amount had not been transmitted.

(By Mr. Cayley.)

Ques. 672. Is the heading of the amount correct as to preceding items?—I should say that it is correct as to the previous items.

Ques. 673. Does not the expression "transmitted," opposite to the last item show that the heading was not intended to apply to this last item?—I would put that construction upon it.

(By Mr. Brown.)

Ques. 674. But if that sum of £50,012 was neither invested nor transmitted, did not the said return convey a false impression as to the state of the Sinking Fund on the 31st December, 1856?—It did not show the actual state of the Sinking Fund, as the sum referred to had not been transmitted.

Ques. 675. Please look at page 110 of the Public Accounts of 1857, and especially at the following entry: "Sinking Fund—For the following sum, transmitted "to the Bank of England for investment, i. e., £50,000 sterling, at 24s. 4d. currency, equal to £78,000;" and say if that sum was so transmitted to the Bank of England, up to the time you left the Receiver General's Department on the 18th May, 1858?—No, it had not when I left.

Ques. 676. Please look at page 221 of the Public Accounts of 1857, and especially at the Return signed "W. Cayley, Inspector General," and entitled "A statement, showing the amount at credit of the Sinking Fund of the Province of "Canada, up to the 31st December, 1857; the same being invested in reduced "three per cent. annuities;" and say if the statement there made that £681,778 2s. 1d. sterling, had, up the 31st December, 1857, been invested to the credit of the said fund, was a true statement?—I do not think it is.

(By Mr. Cayley.)

Ques. 677. Did you lead Mr. Brown to infer from any remark which you have made to him, that I was in secret communication with Messrs. Baring & Glyn, and that I had thus secretly contrived with those two firms, the sale of half a million of Provincial Securities last autumn, towards the close of November or the beginning of December?—When Mr. Brown, as one of the sub-committee, was writing questions for me to answer, Mr. White being present, I remarked to him that the Inspector General seemed to throw the whole *onus* of the negotiation or sale of Debentures on the Receiver General's Department; I, at the same time, stating that the Inspector General was made aware of the result of all correspondence between the Receiver General's Department and the agents of the Province; and further, that I had reason to believe that Mr. Cayley was in the habit of corresponding privately with the agents of the Province on the affairs of the Province and the affairs of the Grand Trunk, and consequently was aware, I presumed, of all negotiations; I never used the word secret, and never intended to imply it; I had no idea that the Inspector General's correspondence referred to, was anything other than on the negotiating of Debentures, and the general interest of the Province.

On motion of Mr. Cayley, the strangers were ordered to withdraw.

Ques. 678. Is it consistent with your knowledge of the character and standing of those two firms, that while they were in regular weekly correspondence with the Receiver General's Department respecting the transmission, receipt, and sales

of Provincial securities, receiving instructions, rendering their accounts current, and professing to explain in detail the whole of their transactions as the financial agents of the Province, that they should have been in secret correspondence with me and receiving private instructions affecting the very transactions regarding which the correspondence was officially carried on in the Receiver General's Department?—This question goes to show that all instructions relative to the sale of the £500,000 of debentures were issued from the Receiver General's Department, whereas no instructions were given regarding their sale, merely the correspondence transmitting them for sale, and when so large an amount lay in the agents' hands unsold, and against which exchange had been withdrawn, I certainly was under the impression that the Inspector General had been corresponding with them so as to prevent their sacrifice.

(By Mr. Brown.)

Ques. 679. Did you not state to Mr. White and myself, that you were of the impression from the absence of instructions in the public correspondence as to that sale of £500,000, that private instructions had been given by the Inspector General in reference to it?—Anything I have said to Mr. Brown and Mr. White I meant to convey what I have stated in the two last answers.

(By Mr. Cayley.)

Ques. 680. Do not the extracts from Messrs. Baring & Glyn's correspondence produced to-day show that the sale of the half million debentures was the spontaneous action of the fiscal agents under the special circumstances of the case and not the result of directions issued from this side of the water?—They certainly bear that construction.

Ques. 681. Are you aware of any instructions connected with sale of Provincial securities having issued from any other Department than that of the Receiver General? Could such instructions have issued without some reference being made in the communication periodically received by the Receiver General within the last twelve months?—I am not personally aware of any. I think that instructions connected with sale of Provincial securities could have issued from any other department than that of the Receiver General; I have already stated that I was under the impression that the Inspector General had been corresponding relative to the sale of these debentures. But I have no idea that so bad a sale could have resulted from that correspondence.

Ques. 682. By the word "could" I intended to ask the question whether it is not most probable that the letters advising sales of debentures would have referred to the instructions directing their sale?—I have already stated that I could not conceive that the sale referred to arose from the result of that correspondence; I think it is questionable whether instructions conveyed by private correspondence would be officially referred to in communicating with another Department.

(By Mr. Brown.)

Ques. 683. Had you ever any communication with me directly or indirectly on the subject of the matters on which you have been examined previous to your being summoned as a witness before this Committee, and had you any conversation with me on this subject except openly in this Committee now, or before the sub-committee in the Railway Committee Room?—I never had.

On motion of Mr. *Foley*, it was

Ordered, That the witnesses on the York roads' investigation should be examined to-morrow morning.

The Committee then adjourned.

SECOND REPORT
OF
THE COMMITTEE ON PUBLIC ACCOUNTS.

The Standing Committee on Public Accounts :—

Beg leave to present to your Honorable House, the further proceedings and evidence taken before them during their sittings on Monday, yesterday, and this day.

The whole nevertheless, humbly submitted.

A. T. GALT,
Chairman.

Committee Room, }
30th June, 1858. }

Monday, 28th June, 1858.

MEMBERS PRESENT :

MR. GALT, CHAIRMAN,
MR. FERRES,
MR. JOHN CAMERON,
MR. MATTICE,
MR. CHAPAIS,
MR. BUCHANAN,
MR. WHITE.
MR. FOLEY,
MR. DUBORD,
MR. SIMARD,
MR. BROWN, and
MR. HOGAN.

The minutes of the last meeting were read and confirmed.

The Chairman mentioned to the Committee that the witnesses on the York Roads were discharged on Saturday last, and that they are to be summoned for a future day.

On motion of Mr. *Cameron*, it was

Ordered,—That Mr. Dufort, Book Keeper in the Receiver General's Department, be examined before this Committee, with the books of that Department, viz. : the Day Books and Cash Books of November and December, 1857, and January, 1858.

Mr. *Brown* called the attention of the Committee to the circumstances that the returns for 1858 required from the Receiver General's Department had not yet been furnished, and on his motion, it was

Ordered,—That the Chairman be requested to apply to the House for full power to inquire into all financial matters up to the present date, affecting or flowing from the transactions of 1856 and 1857 ; also for full power to send for persons, papers and records affecting the same.

Mr. Dufort and Mr. Dickenson were reported to be in attendance.

Ordered,—That the Chairman do report to the House all the proceedings had before the Committee up to the close of the sitting this day ; and that he do report the further proceedings from day to day.

The Secretary was instructed to summon the following gentlemen : C. J. Brydges, and — Stephens, Esquires ; G. C. Reiffenstien, Receiver General's Department ; Hon. J. C. Morrison ; W. Dickenson, Esquire ; John Langton, Esquire.

On motion of Mr. *Cayley*, it was

Ordered,—That this Committee do stand adjourned this day till 2 o'clock, P.M.

Adjourned until 2 o'clock P. M., this day.

The Committee met again at 2 o'clock P. M., according to adjournment.

MEMBERS PRESENT :

MR. GALT, CHAIRMAN.
 MR. BROWN,
 MR. HOGAN,
 MR. BUCHANAN,
 MR. LE BOUTILLIER,
 MR. MATTICE,
 MR. CHAPAIS,
 MR. SIMARD,
 HON. MR. CAYLEY,
 MR. CAMERON, and
 MR. FERRES.

The Hon. J. C. Morrison was reported in attendance.

Mr. *Brown* moved, That a Return be obtained forthwith from the Receiver General's Department, of all sums paid into the Public chest from 1st January, 1858, up to the latest date, from the following several sources :

Customs,
 Excise,
 Territorial,
 Bank Imports, and
 Public Works.

Also, showing in contrast the several sums received from the same sources up to the same date of 1857.

Mr. *Ferres* moved in amendment, That all the words after "that" be struck out, and that it be *Resolved*, "That any Returns relating to the finances or accounts of the Province for 1858, be asked for in the House by any member requiring the same, as this Committee has been appointed to examine only the accounts furnished for 1856 and 1857."

Which motion in amendment was put to the vote, and carried on the following division :

Yeas.
 Messrs. Ferres,
 Cameron,
 Simard,
 Cayley, and
 Galt,—5.

Nays.
 Messrs. Hogan, and
 Brown,—2.

The main motion was then put to the vote, and lost on the same division.

Mr. *Morrison* was called in and examined.

(By Mr. *Cayley*.)

Ques. 684. Were you Receiver General in 1857?—*Ans.* Yes, I was.

Ques. 685. In a return furnished from the Inspector General's Department it is stated that a sum of £379,800 were sold in England in 1857, at 3 per cent.

premium; does that return as to amount and rate correspond with the entries in the Receiver General's books, and the advices received from the fiscal agent of the Province?—*Ans.* The financial agents in the month of December, 1857, advised the Receiver General's Department of a sale of £500,000 debentures at 3 per cent. premium; at that period the financial agents had in their hands Provincial Debentures to the amount of £379,800, which is the amount sold by them of Debentures issued during that year at 3 per cent. premium, as appears from the entries in the Books of the Receiver General's Department, and advices received from the fiscal Agents.

Ques. 686. Is the return made by the Inspector General that the Debentures were sold at 103 a correct return according to the advices received by you and communicated to him?—*Ans.* It is.

Ques. 687. Could the entry of Debentures referred to by Mr. Anderson in his answer to question 625 be otherwise correctly stated than as appears in the Public Accounts?—*Ans.* The Receiver General's Department could not have entered correctly that more than £379,800 were sold during the year 1857, because the balance of the £500,000 Debentures sold by the fiscal agents was not issued until 1858.

Ques. 688. Have you any reason to suppose that while your Department was in official correspondence with the fiscal agents of the Province regarding the transmission and negotiation of Provincial Securities, that the Inspector General was carrying on a separate correspondence with these gentlemen, directing their movements?—*Ans.* I have not. On the contrary, I have every reason to believe that the Inspector General never interfered with the sale of any Debentures, or any matter belonging to the Receiver General's Department.

Ques. 689. Have you any reason to doubt that the fiscal agents acted for the best interests of the Province under the circumstances of the time in the sale of our Provincial securities at the rate they did?—*Ans.* I have not.

(By Mr. Ferres.)

Ques. 690. Had the Receiver General's Department the exclusive control of the negotiation of Debentures with the fiscal agents?—*Ans.* It had.

(By Mr. Cayley.)

Ques. 691. Have you not from the first been aware of my opinion that it would be inconvenient for the public service that two distinct Departments of the Government should be concurrently carrying on a separate chain of correspondence with the same parties on the same subjects, and that having found on my joining the Government that the correspondence connected with the transmission and sale of securities was conducted in the Receiver General's Department, I did not interfere with the arrangement which appeared to have been established by my predecessor?—*Ans.* I am aware such was Mr. Cayley's opinion from conversations on several occasions. I cannot say as to what occurred when Mr. Cayley joined the Government, not being myself then in the Government.

Ques. 692. Did not the Inspector General's Department receive the information from your own, that the sale above referred to was effected to net 103, less brokerage and commission?—*Ans.* It did by the usual transmission to the Inspector General's Department of the Duplicate of the financial agents letters advising of the sale.

Ques. 693. When the Deputy Receiver General acknowledged the letters of Messrs. Glyn & Baring, respecting the sale of £500,000 Debentures, and stating that he had no doubt that the sale under the circumstances would be satisfactory to the Government; had you any reason to suppose that the Deputy was not at the

time expressing his own opinion?—*Ans.* At the time, I had no reason to doubt that was the Deputy Receiver General's opinion; he did express to me afterwards casually, that he was of opinion that they might have made a better arrangement.

Ques. 694. Did the whole sum of £500,000 advised as sold in December, bear *coupons* for interest from 1st July, 1857; if not, from what date did they bear interest; please to specify how the amount of £500,000 was made up, and the dates when interest was made payable by the Province?—*Ans.* £379,800 bore interest from the 1st July, 1857; £120,200 from the 1st January, 1858.

Ques. 695. Please examine questions and answers 688, 694, and 695; and state whether they agree with the accounts in your late Department?—*Ans.* Before doing so, I must refer to the Receiver General's Department.

Adjourned till to-morrow at 10½ o'clock, A. M.

Tuesday, 29th June, 1858.

MEMBERS PRESENT :

MR. GALT, CHAIRMAN.

MR. HOGAN,
HON. MR. CAYLEY,
MR. BROWN,
MR. FERRES,
MR. MATTICE,
MR. BUCHANAN,
MR. FOLEY,
MR. WHITE, and
MR. HOWLAND.

The minutes of the last meeting were read and confirmed.

Mr. Morrison was present, and his examination was continued by Mr. Cayley.

Mr. Morrison stated that he would reply to question 695 to-morrow, owing to the Receiver General's Office being closed.

Ques. 696. Have you any recollection when Mr. Anderson made the observation that he thought a better arrangement might have been made; was it before or after further advices had been received shewing a better market for our securities?—*Ans.* I have no particular recollection of the time, as it must have been shortly after I returned from the election in South Ontario; I should think it must have been made after further advices showing a rise in the market value of the Debentures.

Ques. 697. Can you quote the fall which took place in consols in November last, when the crisis was at its height?—*Ans.* The price of consols in November last quoted at about 88 to 88½.

Ques. 698. Can you state what is the present quotation of Consols?—*Ans.* The new 3 per cents on the 14th June last quoted 96 to 98½.

Ques. 699. What do you find the quotation of new 3 per cents. on the 13th November last, from the London *Times*?—*Ans.* The new 3 per cents. on the 13th November last quoted at 87½ to 88.

Ques. 700. What do you find to be the quotation of the same description of

stock given in the *Times* of the 14th June instant?—*Ans.* The new 8 per cents. on the 14th June last quoted 96 to 96½.

Ques. 701. What then do you find to be the rise since the 13th November last?—*Ans.* The extremes would be 8½ per cent.

Ques. 702. If the English stocks exhibited such a variance was it not to be expected that a greater difference would be shewn in a foreign or Canadian stock?—*Ans.* Yes, certainly.

Ques. 703. Have you seen Mr. Reid's evidence on the subject of the purchase of the City of Hamilton Debentures?—*Ans.* I have.

Ques. 704. State if you had any correspondence with Mr. Reid on subject of the purchase?—*Ans.* On examining the books of the Receiver General's Department I find one letter addressed to Mr. Reid, at Hamilton, by me as Receiver General, on the subject of these Debentures, under date 2nd January, 1857.

No. 274.

RECEIVER GENERAL'S DEPARTMENT,
Toronto, 2nd January, 1857.

SIR,—With reference to your application to have Municipal Securities purchased by the Government, I find on enquiring that you were expected to offer Municipal Loan Fund Debentures, and not Municipal Debentures of the City of Hamilton. With regard to the latter, the Government will not invest funds in such securities on the same terms as Municipal Loan Fund. The Government however, would be prepared to purchase Hamilton Debentures at the current rate of the last sales of debentures of Hamilton and Toronto in the English market to the amount of £20,000. If such an arrangement would be deemed satisfactory you can deposit your debentures with the Bank of Upper Canada here, who will receive instructions in the matter.

Your obed't. serv't.
(Signed,)

JOS. C. MORRISON,
Receiver General.

Geo. L. Reid, Esq.,
Hamilton.

Ques. 705. Can you recall the grounds on which the application for the sale and purchase of these debentures was entertained by the Government; what railroad was then in the course of construction to which the proceeds were to be applied?—*Ans.* The grounds for which the application for the purchase were with a view of aiding in the construction of the Berlin and Preston Railway which was in course of construction.

Ques. 706. Through whom was the subject first brought under the notice of the Government?—*Ans.* It was first brought under my notice by Dr. Clark, stating that Mr. Reid, the contractor for the construction of the Railway, required the money with a view to proceeding with his works.

Ques. 707. Are you aware that Dr. Clark was a Director in the Galt and Guelph Railroad, of which the Berlin was an extension?—*Ans.* I am not.

Ques. 708. Had Mr. Hespeler an interview with you on the subject of the nature of the Hamilton Debentures?—*Ans.* He had.

Ques. 709. What was the object of that interview?—*Ans.* Mr. Hespeler acted as the Attorney of Mr. Reid. Both he and Mr. Reid called at the Receiver General's Office on the subject of these Debentures. Our conversation was altogether relative to the market value of these Debentures, Mr. Hespeler pressing their value as being par, stating that he had sold to Mr. Radcliffe, of the Great Western Railroad several thousand pounds at par, paid in cash; that he had sold in New

York at 95 cash, and that the Corporation of Hamilton held them at par, and generally pressed the par value of them; I told him that by the Order in Council under which I was authorized, the value had to be based on the latest sales of Toronto and Hamilton Debentures in the London market; he then left the office, stating that he would furnish evidence of the value as mentioned by me; he then positively refused to take 95.

(By Mr. Foley.)

Ques. 710. Did you take any steps to ascertain the correctness of the representations of Mr. Hespeler, with regard to the value of these debentures in New York and elsewhere? If yes, what? Is it the practice of the Department to purchase debentures on the representation of interested parties?—*Ans.* I took no steps to ascertain the correctness of Mr. Hespeler's own statement of sales. It is not the practice of the Department to purchase debentures on the representation of interested parties.

Ques. 711. Were you aware that Mr. Hespeler and Dr. Clark were partners in business?—*Ans.* I was not.

(By Mr. Cayley.)

Ques. 712. Did you report to Council your view as to the course to be pursued in ascertaining the value of the Hamilton debentures, namely, that of taking the average between the Cities of Toronto and Hamilton, and had you the sanction of the Government to carry it out?—*Ans.* I did, and obtained their sanction.

Ques. 713. What evidence did you obtain as to the value of the City of Toronto and City of Hamilton debentures in the London market?—*Ans.* Mr. Reid enclosed to me from Hamilton, the Mayor of that City's certificate, and addressed to Mr. Reid, which is as follows:

CITY HALL, Hamilton, 15th April, 1857.

DEAR SIR,—In reply to yours, making inquiry as to the value of our City debentures at twenty per cent., I beg to say that Mr. Gilkison, our agent, writes me from London, England, saying he had been offered ninety-five per cent. for £50,000 sterling, which he refused, of which course I entirely approve, believing them to be worth at least *par* in anything like a fair state of the money market.

I remain, dear sir,

Yours very truly,

(Signed,)

JNO. J. MOORE,

Mayor.

To G. L. Reid, Esquire.

I did not think that certificate sufficiently explicit, and stated so, I think, to Mr. Hespeler or Mr. Reid, or both. They produced, a few days afterwards, the original letter of Mr. Gilkison, agent of the Corporation of Hamilton, in London, and a further certificate of their value being ninety-five. The value of Toronto debentures in London was known to myself to be *par*, but, nevertheless, I required a certificate of the Chamberlain or the Mayor of the City of Toronto to that effect.

By Mr. Foley.)

Ques. 714. Have you that letter of Mr. Gilkison's? How long previously was it written?—*Ans.* I have not the letter, nor can I find it in the Department. It being an original official letter to the Mayor, I suppose it was returned. I think it came by the English mail which arrived just before it was shewn to me.

Mr. Hespeler, Miller, of New Hope, County of Waterloo, was then called in by the Committee and examined.

By Mr. Cayley.)

Ques. 715. Did you act on behalf of Mr. Reid in negotiating a sale of Hamilton debentures to the Government last year?—*Ans.* I did.

Ques. 716. Have you yourself at any time held Hamilton debentures?—*Ans.* I have.

Ques. 717. At what price did you receive them—for cash or in trade?—*Ans.* At par. I obtained the right of way for the Galt and Guelph Railroad, and was paid for the same in debentures at par.

Ques. 718. Did you purchase the right of way for the Railroad with cash?—*Ans.* I paid the money.

Ques. 719. Did you make a profit for yourself on the transaction?—*Ans.* I saved the Company £15,000, and I took the contract from the contractors at £27,500, and it cost £12,500, and the £15,000 I handed over to the Directors in debentures and bonds. I am not certain but it might be a few pounds more than the sum stated.

Ques. 720. You say that you paid £12,500 for the right of way; did you pay that in cash?—*Ans.* I paid in cash.

Ques. 721. How were you repaid?—*Ans.* In debentures. During the time that I was negotiating the right of way, I was selling debentures.

Ques. 722. State at what prices you sold your debentures, and to whom?—*Ans.* I sold small amounts at par about home; £4000 to Mr. Radcliffe, the Vice-President of the Great Western Railroad at par; and £1000 sterling in New York, at 95. These were all Hamilton debentures, and I sold some at 98 in small sums afterwards.

Ques. 723. Were all these currency debentures?—*Ans.* They were all currency debentures.

Ques. 724. Did you enter upon the details to Mr. Morrison at the time that you were negotiating for Mr. Reid?—*Ans.* I told him the sales I had made.

Ques. 725. Was it of importance to Mr. Reid, for the purpose of forwarding the construction of the Berlin and Preston Railroad, that the negotiation for the sale of the debentures to the Government should be carried out?—*Ans.* It was very important that he should obtain money; he could not have gone on without it, and my object was, to get the road made.

Ques. 726. Had you any communication with the Government at any period anterior to the negotiation of the Hamilton debentures, on the subject of selling securities to the Government, for the purpose of aiding the Galt and Guelph or Berlin and Preston Railroad?—*Ans.* Yes; I went expressly to Quebec, and asked Mr. Hincks' assistance. I told Mr. Hincks that we had Hamilton, Guelph, and other debentures, and whether he could not invest in those debentures? He was doubtful at the time, and told me to come and see him again. Then he said he thought he could. This was three or four days before he resigned. I went to him after his resignation, and I said of course the arrangement could not be carried on. He said not, but I have no doubt that my successors will do it, and I shall recommend it to them.

Ques. 727. Was Dr. Clark aware of the fact that you had seen Mr. Hincks on the subject of selling debentures to the Government, and of Mr. Hincks' views?—*Ans.* Yes.

Ques. 728. What connection had Dr. Clark with the Galt and Guelph Railroad?—*Ans.* He was a Director.

Ques. 729. What was the nature of the connection between the Galt and Guelph and the Berlin and Preston Railroads at the time of which you speak?—*Ans.* There was no charter of the Preston and Berlin Railroad at that time, and the Galt and Guelph Railroad was not a favorite road with the Hamilton people.

They wanted the Berlin road to connect with the Great Western, and we, the Directors, I among them, promised to get an extension of our Bill passed, if possible. Without that promise they would not have taken Stock in our road. We did carry the Bill.

Ques. 730. Have you any information to give the Committee in connection with the value of the Hamilton debentures, at the time when you were negotiating on behalf of Mr. Reid, with the Government; or on the subject generally?—*Ans.* I had a conversation with Mr. Morrison, and he thought that the debentures should be got at 90, and I then told him the sales I had made, and insisted on getting par, and he said that the Government should not invest in Provincial securities below par, as a principle, as it would lower our Canadian funds. I then said that I would drop the negotiation when I could get 95 for them. Mr. Reid, knowing that I had negotiated and did negotiate debentures, asked me whether I could not negotiate £20,000 or £25,000 for him. Dr. Clark was present at the time, and he said he could. My answer was, "Very good; then I can do another sum for you besides." Mr. Reid's proposal was that he would take 80 in cash for them. I then told him he might get more. He answered he was not accustomed to finance, and that he had taken them for that with other railway bonds.

(By Mr. Buchanan.)

Ques. 731. Had Mr. Morrison expressed disinclination to the purchasing of these Hamilton debentures?—*Ans.* He was disinclined; I had to apply to him several times.

(By Mr. Cayley.)

Ques. 732. When you say that Mr. Reid took these debentures at eighty, do you mean that he valued them at that rate in his contract?—*Ans.* Yes; along with the bonds, £60,000 debentures, and £40,000 bonds. If he had been offered Hamilton debentures for the whole contract, he would have taken them at par.

(By Mr. Brown.)

Ques. 733. How many years is it since you had this conversation with Mr. Hincks, of which you have spoken?—*Ans.* The week before he resigned; about September, 1854, in Quebec.

Ques. 734. When was it you bought the right of way for the Preston and Berlin Railway Company?—*Ans.* I never did purchase it.

Ques. 735. What railway was it you spoke of, for which you bought the right of way, and in what year was it you so bought the right of way?—*Ans.* It was for the Galt and Guelph Railroad that I bought the right of way. I commenced in 1854, before I saw Mr. Hincks, and continued through 1855 and 1856, and even in 1857.

Ques. 736. When was it you sold the Hamilton City Debentures you have spoken of, to pay the said right of way?—*Ans.* In 1855, 1856, and 1857.

Ques. 737. At what date did you make the sale of £4,000 to Mr. Radcliffe?—*Ans.* I do not know the date, but it was in 1856.

Ques. 738. At what date did you sell the £1,000 sterling in New York at 95, and to whom was that sale made?—*Ans.* I think it was in the fall of 1856, or the spring of 1857. Messrs. Gillespie, Dean & Co. of New York, sold them for me for cash at 95.

Ques. 739. Did you pay away some of the Debentures in discharge of right of way?—*Ans.* No.

Ques. 740. What might be the gross amount of the small lots you sold in your own neighborhood, and can you name the parties to whom you sold?—*Ans.*

I cannot say either. It was more than £500. I cannot name any of the parties unless I refer to my books. I will send a statement from my books. I hold debentures of the same kind which I will not sell under par.

Ques. 741. In what capacity did you purchase the right of way for the Galt and Guelph Railway Company—as the employée of the Company or as contractor?

—**Ans.** The contractors were bound to furnish the right of way for £27,500, payable in debentures and bonds, and, after the contract was signed, they felt pleased at every thing except the obtaining of the right of way as it was going through a country they knew nothing about and wished they could get somebody to take that part of their contract from them. This was at the Board meeting, of which I was a Director. I said that if it could legally be done and the Directors approved of it, and if Mr. Ferguson, the solicitor, likewise approved of it, that I would take it from them. A resolution was passed by the Board desiring me to do it. I gained £15,000 by it, and returned it to the Company.

Ques. 742. Did the Company afterwards return you any part of that sum?—**Ans.** No.

Ques. 743. Had you no compensation at all for your services?—**Ans.** None.

Ques. 744. What was the date of the conversation you state to have taken place as to the sale of £20,000 debentures between Mr. Reid and Dr. Clark in your presence?—**Ans.** It was in 1857—I think in the spring.

Ques. 745. Mr. Reid has stated to this Committee that early in 1857 he made a conditional agreement with Dr. Clark, M. P. P., that Dr. Clark might within a certain time purchase from him £20,000 of Hamilton City Debentures at 80 cents in the dollar; and that in furtherance of that agreement the said debentures were placed in your hands as the mutual friend of both parties with instructions to hand them over to Clark on his paying you 80 per cent.; please say if this is correct?—**Ans.** Yes. I acted for Mr. Reid.

Ques. 746. At what date were these debentures handed to you under this agreement?—**Ans.** Some of them were handed to me immediately after that, and some in the summer. I got the first sum, amounting to about £5,000, in April or May. The Debentures were deposited with Mr. Ridout before I got any money.

Ques. 747. What steps did Dr. Clark take towards selling the debentures?—**Ans.** I do not know.

Ques. 748. What steps did you take to sell them, and how did you come to take a part in their sale?—**Ans.** I took no steps to sell them, except what I have stated before. I came down to Toronto at Mr. Reid's request, to find out whether he could depend on it, and Mr. Reid knew that the money was to come from the Government, and so did I.

Ques. 749. Was it not distinctly understood, when Mr. Reid entered into the conditional agreement with Dr. Clark, that Dr. Clark was to sell the debentures to Government?—**Ans.** No. Mr. Reid knew nothing of that at the time.

Ques. 750. Did you not understand this?—**Ans.** I did.

Ques. 751. How did you know it?—**Ans.** I knew it through Dr. Clark.

Ques. 752. Did Dr. Clark tell you how he had secured an arrangement with Government for this purchase?—**Ans.** No he did not; but he told me he had made arrangement with Government.

Ques. 753. Was the first interview you have spoken of between yourself and Mr. Morrison, previous to the signing of the agreement between Messrs. Clark and Reid, or afterwards?—**Ans.** After the agreement had been made I saw Mr. Morrison. I do not think there was a written agreement between Mr. Reid and Mr. Clark. After I knew the transaction would be carried out, I told my friends, some of the Directors in Hamilton, that such an amount had been negotiated with Government.

Ques. 754. When did Dr. Clark tell you of his arrangement with the Government—was it at the time of the bargain with Mr. Reid, or how long afterwards?
—*Ans.* Some time afterwards.

Ques. 755. How many days after?—*Ans.* Not over two days.

Ques. 756. Now, what was the date of your first interview with Mr. Morrison?
—*Ans.* A good while after; but I do not know the date. Mr. Reid complained that he could not depend on the arrangement being carried out between him and Mr. Clark. Mr. Reid knew at that time nothing of the Government.

Ques. 757. When did Mr. Reid learn something of the transaction with Government?—*Ans.* Sometime after, through me. I considered the investment a very good one for Government.

Ques. 758. How long after his agreement with Clark was it, before you so communicated the transaction to Mr. Reid? Was it a month after, or two months, or about how long?—*Ans.* The whole affair was closed within about two months, but the money was not then received.

Ques. 759. Now, please explain how you opened your interview with Mr. Morrison; what did you ask him?—*Ans.* I stated to him that I had understood through Dr. Clark that £20,000 of Hamilton Debentures were negotiated, and asked him what dependence Mr. Reid could place on Dr. Clark's statement.

Ques. 760. What did Mr. Morrison reply?—*Ans.* That the arrangement with Dr. Clark was not closed. He did not mention Dr. Clark's name. This was at the time when Mr. Morrison objected to the arrangement.

Ques. 761. What then followed between Mr. Morrison and you?—*Ans.* I have already stated the conversation with Mr. Morrison. When Mr. Morrison objected to buying Hamilton Debentures, I told him the sales I had made, and he wanted more than my word, and I said that I could get a letter from the Mayor of Hamilton, and a copy of a letter from Mr. Gilkison, who was then in England, in which he refused to sell at 95. Mr. Morrison thought 90 was quite enough. I told him I could sell them myself at 95 in New York, and then Mr. Morrison said that whatever monies the Government invested in Provincial securities ought to be done at par, as a principle, as not to lower our own securities.

Ques. 762. Were Mr. Gilkison's quotations of sterling Debentures payable in England, and were not those held by Mr. Reid, payable in Canada?—*Ans.* Mr. Reid's debentures were payable in Canada; and those that Mr. Gilkison wrote about, I know nothing of.

(By Mr. Buchanan.)

Ques. 763. Are you aware that the Government was offered the Debentures either payable in England or in Canada, and that the latter were taken?—*Ans.* I always understood that they could have either, as Mr. Reid had the option.

(By Mr. Foley.)

Ques. 764. Did Mr. Morrison say that the Government ought to invest in Debentures at par, or that the description of Debentures in which the Government ought to invest was in that sort which brought par in the market?—*Ans.* Mr. Morrison said that whatever money Government invested, should be at par.

(By Mr. Brown.)

Ques. 765. How did you part with Mr. Morrison? Was it with the understanding that if you furnished the letters in question, the money would be forthcoming?—*Ans.* Yes; I think that I made use of the expression that if the Government were allowed to buy Debentures below par, it would be opening a broker's shop; and Mr. Morrison agreed with me, except that the small commission should

be taken off that they had to pay in England; I understood his meaning to be that if the Government sold them again, they would have to pay a commission.

(By Mr. Buchanan.)

Ques. 766. Are we to understand, then, that the ultimate arrangement for the Debentures was with you?—*Ans.* I was to receive the money as agent for Mr. Reid, and I did receive it at 97½.

(By Mr. Brown.)

Ques. 767. What was the next step, after leaving Mr. Morrison? Did you send him the letters in question; or did you take them to him?—*Ans.* I think I sent them by mail that very day, from Hamilton; I am positive I did.

Ques. 768. What was the next step? Did Mr. Morrison reply, or did you see him?—*Ans.* I came down again.

Ques. 769. Who did you see on this occasion?—*Ans.* Mr. Morrison.

Ques. 770. What passed between you?—*Ans.* I got the order on the Bank payable in monthly instalments. I think the first order was for four or five thousand pounds.

Ques. 771. What sort of order was it? A cheque, or a letter, or what?—*Ans.* A letter.

Ques. 772. What was the purport of the letter?—*Ans.* Authorizing the Banks to pay certain instalments to the amount stated.

Ques. 773. Did you take the letter to the Bank; who did you see there; and what passed?—*Ans.* Yes. I saw Mr. Ridout, and he said it was all right. The Debentures were lodged with him by me, in the name of Mr. Reid for the Government, and I got his certificate of deposit of the Debentures and his statement how I could draw on him for the monthly instalments.

Ques. 774. Well, what was the next step? How about the next deposit of Debentures?—*Ans.* I bought all the rest at once afterwards.

Ques. 775. Who did you see on that occasion, and what passed?—*Ans.* Mr. Morrison; but I think Mr. Anderson gave me the next order. Yes, I am certain it was Mr. Anderson.

Ques. 776. Did you get a second letter to the Bank, and go as before to the Bank and make a similar arrangement?—*Ans.* The second was something like the first.

Ques. 777. How? Please explain how the money was chequed out of the Bank?—*Ans.* I got drafts from the Bank here on Hamilton Branch monthly.

Ques. 778. For what amount in all did you get such drafts?—*Ans.* £19,500.

Ques. 779. How much did you pay over to Mr. Reid?—*Ans.* He got the whole £19,500. Mr. Reid was to hand me 17½ per cent. in Berlin Debentures. Mr. Reid could not get them, nor could not give them, and handed me the amount in Hamilton Debentures, on the condition that they were to be replaced within one year by Berlin Debentures. These Hamilton Debentures I deposited at the Commercial Bank in Hamilton, where they are yet.

Ques. 780. What is the amount of the said Hamilton Debentures, and to whose credit are they so deposited in the Commercial Bank?—*Ans.* On that account I deposited £3,500 which remain at my own credit.

Ques. 781. Are the said £3,500 of Debentures your property, or do you hold them in trust for Dr. Clark?—*Ans.* I hold them in trust for Dr. Clark, less a commission for myself.

Ques. 782. What amount of commission do you claim?—*Ans.* It is not yet arranged; I do not know what I shall claim.

Ques. 783. Has Dr. Clark, or have you drawn against these Debentures for any amount?—*Ans.* Not a penny.

(By Mr. *Foley.*)

Ques. 784. Is it under the Bill now before Parliament that Debentures of the Town of Berlin are expected to be issued to replace the Hamilton Debentures thus deposited in the Commercial Bank?—*Ans.* Yes.

(By Mr. *Brown.*)

Ques. 785. In the course of your negotiations in this matter did you see or correspond with any other member of the Government besides Mr. Morrison?—

Ans. I had a conversation with Mr. Cayley.

Ques. 786. What passed between you and Mr. Cayley on the subject of the purchase of these Debentures?—*Ans.* Something very nearly the same as passed with Mr. Morrison.

Ques. 787. When was it; before or after your first interview with Mr. Morrison?—*Ans.* I think it was the same day after my seeing Mr. Morrison.

Ques. 788. How did you come to see Mr. Cayley on the subject?—*Ans.* Accidentally.

Ques. 789. Explain the accident?—*Ans.* I had some conversation with Mr. Cayley on other business, and mentioned this after I had completed my business.

Ques. 790. What was that other business you had with Mr. Cayley?—*Ans.* I do not recollect.

Ques. 791. Did Mr. Reid accompany you to see Mr. Cayley?—*Ans.* No.

Ques. 792. Did not Mr. Morrison suggest that you should see Mr. Cayley?—*Ans.* No.

Ques. 793. When you say that what passed between you and Mr. Cayley was similar to what passed between you and Mr. Morrison, to what extent do you mean this?—*Ans.* To the full extent.

(By Mr. *Hogan.*)

Ques. 794. Was Mr. Morrison or Mr. Cayley aware of Dr. Clark's proposed sale of debentures before you saw them?—*Ans.* Yes.

(By Mr. *Ferres.*)

Ques. 795. Was Mr. Morrison or Mr. Cayley aware of the agreement between Mr. Reid and Dr. Clark, as to the price of the debentures?—*Ans.* No, neither. Nobody but Mr. Reid and myself.

(By Mr. *Hogan.*)

Ques. 796. Were you aware whilst pressing on Mr. Morrison to take the debentures at par, that they were sold to Dr. Clark at twenty per cent. discount?—*Ans.* Of course I was.

Ques. 797. What was Dr. Clark's business with you when Mr. Reid spoke of sale of debentures; and who invited him to be present?—*Ans.* It was a meeting of the Directors of the Galt and Guelph Railroad, of which he and I were members.

Ques. 798. If you had had capital of your own to invest in debentures, would you have bought them at the rate the Government purchased them?—*Ans.* I would.

Ques. 799. Was it not notorious in the country at the time, that Hamilton debentures were at 20 per cent. discount, as well as the debentures of other municipalities?—*Ans.* No, not at the time; I then sold at 95, and could have sold these at 95.

Ques. 800. To whom could you have sold these £20,000 of debentures at 95?—*Ans.* In New York there were large sums at that time coming from the Crimean expedition to be invested by parties in England, and they could have been sold at par to these parties.

(By Mr. *Foley.*)

Ques. 801. How then did Reid come to sell at 80; is he not a good business man, and well acquainted with the value of such securities?—*Ans.* He is not a good business man.

(By Mr. *Ferres.*)

Ques. 802. When you say that your conversation with Mr. Cayley was to the same purport as that with Mr. Morrison, does the Committee understand that Mr. Cayley expressed himself as equally disinclined to the transaction and for similar reasons?—*Ans.* Yes.

(By Mr. *Hogan.*)

Ques. 803. Did you think Mr. Reid got a fair price for his debentures?—*Ans.* No.

(By Mr. *Brown.*)

Ques. 804. How did you come to permit your friend Mr. Reid to sell so large an amount of Debentures at 20 per cent. discount at the very moment when you say you could have sold them at 5 per cent discount, or possibly even at par?—*Ans.* All from friendship.

(By Mr. *Ferres.*)

Ques. 805. Was the bargain made between Dr. Clark and Mr. Reid before you were called in at all?—*Ans.* No.

The Committee then adjournedun til to-morrow, at a quarter to 11 o'clock, A M.

Wednesday, 30th June, 1858.

PRESENT :

A. T. GALT, ESQUIRE, CHAIRMAN.

MR. MATTICE,

MR. FERRES,

MR. WHITE,

MR. J. CAMERON,

MR. HOGAN,

MR. LE BOUTILLIER,

MR. FOLEY,

MR. BROWN,

MR. SIMARD, and

Hon. M. CAYLEY.

The minutes of the last meeting were read and confirmed.

Mr. *Ferres* took the Chair, the Chairman having retired with permission of the Committee.

Mr. Morrison was reported present, and his examination continued by Mr. *Ferres*.

Mr. *Ferres*.)

Ques. 806. In Mr. Hespeler's answer to 730, now shown you, he says that you stated that the Government, as a principle, should not invest in Provincial Securities below par; was this your expression, and what was your meaning?—*Ans.* I said during our conversation that in my judgment Government investments should not be made in Provincial Securities ruling below par in the market.

By Mr. *Cameron*.)

Ques. 807. How did Dr. Clark become aware that such an investment might be made by the Government?—*Ans.* Of my own knowledge, I do not know how he did.

Ques. 808. Did Dr. Clark interest himself in the matter, and upon what grounds?—*Ans.* I think I saw Dr. Clark on the subject once or twice; he did interest himself in pressing the purchase of Mr. Reid's Debentures, being strongly interested, as he stated, in seeing the railroad proceeded with, and that if the negotiation of the Debentures could not be effected, that the road would be stopped, and the contractor ruined. Dr. Clark representing that part of the country, I took for granted that he was using his influence as Members of Parliament frequently do, in forwarding the interests of their constituents and friends.

Ques. 809. Did you attend to the details of the Department while you were Receiver General?—*Ans.* Mr. Anderson, the Deputy Receiver General, having had long experience and knowledge of the working of the Department, I necessarily left to his judgment the details of it and took his advice as a matter of course, with regard to them; I placed under his charge when I assumed office the oversight of all the officers of the Department; I did not attend generally to the details of the Department, as it is impossible for the political head of the Department to do so.

Ques. 810. When this sale by the financial agents of the £500,000 Debentures at 103 was made known to you, did you believe that the agents had acted improperly in the premises?—*Ans.* I did not; previous letters from the Provincial agents shewed that although they had a large amount of Debentures in their hands belonging to the Province, and which the Province had drawn against, that they were effecting no sales, and that if they had pressed on the market our Debentures at a time when money was worth ten per cent., and no prospect of better times, that the value of our Debentures would have gradually settled down to below par, and that with a view of preventing bad sales and placing our securities in the best position, and also with a view of reimbursing themselves the large amount they had advanced on account of the Province, over, I think £400,000 sterling, they made the sale as stated in Mr. Baring's letter of the 4th December last, and believing that the Messrs. Baring and Glyn are incapable of betraying the trust reposed in them as financial agents, I cannot but believe, and do believe that they did the best they could for the interest of the Province at the time.

Ques. 811. How do you account for the quotations shortly after that sale being at 108?—I account for it in this way: the value of our Provincial Debentures must depend upon the course taken by those who are large holders of them. If they are holders on speculation and can run the risk of higher or lower prices by affording to wait, they can to a great extent keep the market quotations at a higher rate than the actual value at the time, and small parcels sought and purchased by persons for investment will always rule higher than large sales, and that if £100,000 or £50,000 were pressed upon the market, it would lower the quotation at a time when the rate of interest in London is above six per cent.

(By Mr. Ferres.)

Ques. 812. Would not the fact, when it became known on 'Change that an operation to the extent of £500,000 was done at a time of general great depression by houses of the standing of the Messrs. Baring & Glyn, tend not only to check any further fall, but would induce a rise from the confidence it would inspire?—I think so.

(By Mr. Cayley.)

Ques. 813. What is the standing and character of the Messrs. Baring and Glyn, the London fiscal agents of the Province, as far as you have any knowledge respecting them; are you aware whether they are considered in the English mercantile community as parties thoroughly conversant with monetary affairs and as fully capable as any who could be selected in England or Europe of forming an opinion of the value of different stocks, and the probabilities of the upward and downward tendency of the money market?—Their standing and character are of the highest respectability. I am aware that they are considered by the English mercantile community as parties thoroughly acquainted with monetary affairs, and particularly that of Canadian affairs in London, and I believe them to be as fully respectable as any that could be selected in England or Europe of forming an opinion of value of different stocks or the upward and downward tendency of the money market.

Ques. 814. Would you not prefer to rely upon their opinion and judgment in any such contingency as that which occurred last autumn, than upon any opinion or advice you could form or receive on this side of the Atlantic?—I would.

Ques. 815. In the proceedings of the Public Accounts Committee of date —, a letter is put in evidence by Mr. Brydges, signed by Mr. Stephens, Secretary to the Great Western Company, and addressed to Mr. Anderson, Deputy

Receiver General, under date 1st September last. The letter states that in accordance with arrangements made with the Receiver General, he transmits £20,000 Municipal Loan Fund Debentures as a payment to the Sinking Fund. Have you seen that letter?—Yes, I have.

Ques. 816. Were the contents of that letter made known to you by Mr. Anderson? When were you first made aware of its existence?—I have no recollection of the contents of that letter being made known to me by Mr. Anderson or any person else. I was first made aware of its existence by its being published in the proceedings of this Committee.

Ques. 817. Is the statement contained in it correct that you as Receiver General made the arrangements referred to?—I have no recollection of making any arrangement to take the bonds referred to in Mr. Stephen's letter of the 1st September, 1857, in part payment of the amount due by the Great Western Company on account of the sinking fund. It was not within my province as Receiver General to accept any security in lieu of cash without an Order in Council, nor was it the duty of the Receiver General to make investments on account of the sinking fund, as by statute that devolves on the Inspector General's Department. For these reasons I would not have made the arrangement referred to, and also because I have told Mr. Brydges, when that gentleman complained that the sinking fund of the Great Western Railroad was not promptly invested, that it was the duty of the Inspector General's Department to do so. I had a conversation with Mr. Brydges on the subject of the sinking fund, when pressing him for its payment, when I told him in reply to some of his observations, that as the Government were investing the Great Western Railroad Sinking Fund at par in Municipal Loan Fund Debentures, that if as he then pressed the taking of Municipal Loan Fund Debentures in lieu of cash, that if he would propose payment in that way, that I would lay it before the Government and recommend that they should be so taken. This conversation was in the month of May, 1857.

Ques. 818. Had you under your own signature any correspondence with Mr. Brydges in the month of August, 1857?—I had. I wrote to Mr. Brydges on the 24th August last the following letter:

Toronto, 24th August, 1857.

MY DEAR BRYDGES,—I have just time to write. If you will make a proposition to pay off the amount of your guarantee at par in London, I will lay it before the Government; anything less would not be entertained.

I would have written before, but I expected seeing you in Hamilton. Let me know before Wednesday what you will do; as, after Wednesday, I may be absent ten days.

Yours, &c.,

(Signed,) J. C. MORRISON.

Ques. 819. Was any letter addressed to Mr. Brydges from your Department in the month of August last, having reference to the interest and sinking fund due by the Great Western?—Yes. I now produce it.

(Copy No. 714.)

RECEIVER GENERAL'S DEPARTMENT

Toronto, 26th August 1857.

SIR,—I am directed by the Receiver General to draw your attention to the fact, that notwithstanding your assurance that the Great Western Railway Company would provide in London for the interest due on the 1st July last on the Government Loan to the Company under the Railway Extension Act, that such pledge has not been carried out, and that the agents of the Province in London have paid the amount and charged the same to the account of the Province, viz.: £28,645 5s. 8d. currency, as per account current herewith.

You will be pleased to observe that the account current referred to shows the Great Western Railway Company indebted to the Government in the sum of £57,290 11s. 4d. currency, exclusive of interest; and I am further directed to state, that unless the matter is arranged at an early date, the Receiver General will be under the necessity of placing the matter in the hands of the Attorney General for collection.

I am further instructed again to draw your attention to the state of your sinking fund, no amount having been received on account of same since 27th September, 1855.

I have the honor to be,

Sir,

Your most obedient servant,

C. E. ANDERSON,

D. R. G.

C. J. Brydges, Esq.,
Managing Director,
Great Western Railway Co.,
Hamilton.

Statement of amounts paid to Bank of Upper Canada by Receiver General to refund that institution the sums paid in London for account of Great Western Railway Company:

1857.

March 9.—To	paid interest due in London on £770,000 sterling debentures due 1st January, 1857, £23,331 at 10½ per cent. is.....	£28,645	5	8 cy.
Aug. 11.—To	ditto ditto due 1st July, 1857, refunded at same rate.....	28,645	5	8
		£57,290	11	4

C. E. ANDERSON,
D. R. G.

Receiver General's Office,
Toronto, 26th August, 1857.

Ques. 820. By whom was the letter just read signed?—By Mr. Anderson, the Deputy Receiver General.

Ques. 821. Does it not furnish conclusive evidence in your opinion that at that date no arrangement was in existence for the payment of the sinking fund in Debentures?—I think so. If I had made such an arrangement, supposing I had the authority to do so, I could not have advised the letter of the 26th August, just read.

Ques. 822. Were you absent from Toronto from the period named by you in your private note to Mr. Brydges of the 24th August until after the 1st September?—I believe I was.

Ques. 823. Then, in fact, to the best of your belief, you were absent from Toronto between the 26th August, when the Great Western Company was called upon to pay the amount due to the Government, and the 1st September, the date of Mr. Stephen's letter, saying that arrangements had been made with the Receiver General for the payment of the sinking fund?—I think so. I left town on Wednesday or Thursday morning, the 26th or 27th August 1857, to the best of my recollection, and returned to town on the 7th of September of the same year.

Ques. 824. Have you any memorandum or letter to which you can refer besides your note to Mr. Brydges of the 24th August, showing your absence from

Toronto?—By the correspondence of the office of the 7th September, 1857, I find that I was absent on the 31st August and on the 5th September. Mr. Anderson as Deputy Receiver General, in reply to Mr. Brydges' letter of the 3rd September, which is as follows:

GREAT WESTERN RAILWAY, MANAGING DIRECTOR'S OFFICE,
HAMILTON, Canada West, 3rd September, 1857.

SIR,—Referring to the various interviews I have had with you in reference to the re-payment of the advance to this Company of £770,000 sterling of Provincial Bonds, I now beg to ask for a positive statement of the views of the Government upon the question, because I purpose leaving for England next week, and I am very desirous of being aware of what can be positively depended upon.

The view of this Company is that the amount of the Bonds, say £770,000 sterling, should be paid in London to the Agents of the Province, in four instalments, say on 1st July, 1858, 1st January and 1st July, 1859, and 1st January, 1860, the amounts already paid to you on account of the sinking fund being accepted as part payment of the principal, and of course no further payments on account of that fund being considered necessary. The interest upon the principal ceasing as the payments are made.

I have the honor to be, Sir,
Your obedient servant,

C. J. BRYDGES,
Managing Director.

Hon. J. C. Morrison,
Receiver General.

In reply to my note of the 24th August, addressed that gentleman as follows:

(Copy.)

RECEIVER GENERAL'S DEPARTMENT,
TORONTO, 5th September, 1858.

SIR,—In the absence of the Hon. the Receiver, I beg to acknowledge your communication of 3rd instant, also enclosing copy of another letter from you to the Receiver General, of 28th May last; both having reference to a tender on the part of the Great Western Railway Company, to pay off the Government Loan of £770,000 sterling.

I regret that it is not in my power to send you the definite answer of the Government on the proposition, previous to your departure for England, in consequence of the absence from town of the two financial Ministers, the Receiver General and Inspector General. I lost no time, however, in laying the matter before the members of the Government in town; and I am instructed by the President of the Council to state, that while they favorably entertain your proposition, they deem it more correct to defer a definite answer until the return to town of Messrs. Cayley and Morrison; and that the final action of the Government on the proposition will be forwarded to your address in England by the mail following the next steamer.

I have the honor to be, Sir,
Your most obedient servant,

C. E. ANDERSON,
Deputy Receiver General.

C. J. Brydges, Esquire,
Managing Director G. W. R. Co.,
Hamilton.

Ques. 825. Did the Deputy Receiver General inform you that he had received these debentures, referred to by Mr. Stephens, in accordance with arrangements made between yourself, as Receiver General, and the Great Western Company?—I have no recollection of his doing so.

Ques. 826. Were you at any time made aware, by any officer in the Department, or did you learn from any other source, while you were Receiver General, that these debentures had been deposited in consequence of arrangements made with yourself?—No.

Ques. 827. Could any record of this transaction appear in the Public Accounts for the year 1857, unless upon information conveyed to the Inspector General's Department, from that of the Receiver General? Are you aware that no such information was given?—Unless the information was conveyed to the Inspector General's Department, it could not appear in the Public Accounts. I gave no such information myself, nor am I aware that it was given.

On motion of Mr. *Hogan*, it was

Ordered, That Mr. Killaly, of the Board of Works, be summoned to attend this Committee as a witness.

On motion of Mr. *Cayley*, it was

Ordered, That Mr. Brydges and Mr. Stephens be requested to bring with them the Minute Book of the Board of Directors, sitting at Hamilton, for the months of August and September, 1857, and that they be requested to attend on Friday next, 2nd July, proximo.

The Committee then adjourned.

THIRD REPORT
OF
THE COMMITTEE ON PUBLIC ACCOUNTS.

Your Committee beg leave to present to Your Honorable House the further proceedings and evidence taken by them during their sittings of yesterday and this day.

The whole nevertheless, humbly submitted.

A. T. GALT,
Chairman.

**Committee Room, }
 2nd July, 1858. }**

Thursday, 1st July, 1858.

MEMBERS PRESENT :

MR. FERRES,
HON. MR. CAYLEY,
MR. MATTICE,
MR. FOLEY,
MR. CHAPAIS, and
MR. HOGAN.

Mr. *Killaly* reported himself as present.

There being no quorum at 11 o'clock A. M., the Committee adjourned until to-morrow at a quarter to 11 o'clock, A. M.

Friday, 2nd July, 1858.

The Committee met pursuant to adjournment.

MEMBERS PRESENT :

ALEXANDER T. GALT, Esquire, in the Chair.

MR. FERRES,
MR. HOGAN,
MR. BROWN,
MR. MATTICE,
MR. LE BOUTILLIER,
MR. FOLEY,
MR. WHITE,
HON. MR. CAYLEY,
MR. CHAPAIS,
MR. DUBORD, and
MR. SIMARD.

Minutes of previous meeting were read and confirmed.

Hon. Mr. *Morrison* being in attendance, the following questions were put from the Chair :

Ques. 828. Can you now furnish the Committee with the official letter from Mr. *Gilkison* to the Mayor of Hamilton, referred to in question .—Since my answer to that question, I have found the letter in the memorandum to Council, as well as Mr. *Hutchison's* letter, then the Mayor of Toronto. I now hand them in.

QUEEN'S HOTEL, CORK STREET,
London, 12th January, 1858.

To his Worship,

The Mayor of Hamilton.

SIR,—On the 19th instant, I addressed you concerning an agreement I have entered into with the City Bank, relative to a loan of £20,000 sterling, and for which I also enclosed a letter of credit.

Be so good as to instruct the Chamberlain to have the Debentures dated 1st January or 1st February instead of 1st December, making the first coupon for six or five months interest. The debentures for the Water Works will fall due in 1877.

I had to-day an offer of 95 or 5 per cent. discount for £25,000 of Debentures, with the option of £25,000 additional within six months, but I shall decline it, believing I may do better.

Let no time be lost in having the debentures forwarded.

I have, &c.,

(Signed,) J. GILKISON.

TORONTO, 20th March, 1857.

DEAR SIR,—The last issue of the City of Toronto Debentures was sold at par.

(Signed,) J. HUTCHISON.

Mr. Galt then left the Chair, and on motion of Mr. Brown,

Mr. Foley acted as Chairman, *pro tem*.

Examination of Mr. Morrison continued.

(By Mr. Cayley.

Ques. 829. Are you aware of any arrangements which were made for paying the Sinking Fund for the year 1856 to the Imperial Treasury on the loan of a million and a half?—The Bank of Upper Canada was instructed to pay it.

Ques. 830. Was the entry regularly made in your books, and the amount credited to the Bank?—In the month of December, 1856, the amount was credited to the Bank of Upper Canada, and the Sinking Fund charged with the same.

Ques. 831. Did you advise the Treasury of the instructions to the Bank?—Yes; on the 28th of February, the Chief Cashier of the Bank of England and Sir C. Trevelyan, Secretary of the Treasury, were both advised by the following letters:

(Copy.)

RECEIVER GENERAL'S DEPARTMENT,
Toronto, 28th February, 1857.

SIR,—I am commanded by His Excellency the Governor General to communicate for the information of the Lords of Her Majesty's Treasury that there has been placed on account of the "Sinking Fund" of this Province with the Bank of England the sum of £50,012 13s. sterling which, with the sum of £9,987 7s. sterling overpayment of Sinking Fund for the year 1855, will make £60,000 sterling, being the full amount for the year 1856.

I have the honour to be,

Sir,

Your obedient servant,

(Signed), JOS. C. MORRISON.
Receiver General.

Sir C. E. Trevelyan &c. &c. &c.

Secretary of Her Majesty's Treasury, London.

(Copy.)

RECEIVER GENERAL'S DEPARTMENT,
Toronto, 28th February, 1857.

SIR,—I have the honour to inform you that Messrs. Glyn, Mills & Co., bankers, London, have been instructed to deposit in the Bank of England the sum of £50,012 13s. sterling on account of the "Sinking Fund" of this Province for the year 1856, and that the Secretary of Her Majesty's Treasury has been duly advised of same. The overpayment of £9,987 7s. for the "Sinking Fund" of 1855, added to the first named sum will make the full amount for 1856, say £60,000 sterling.

I have the honour to be,

Sir,

Your obedient servant,

(Signed,) JOS. C. MORRISON.
Receiver General.

Matthew Marshall, Esq.,
Chief Cashier, Bank of England, London.

Ques. 832. Are you aware that the Bank was called upon on more than one occasion, by the Receiver General's Department, to make the remittance; refer to answers made by Mr. Anderson to questions 666, 667, 668—have you any reason to doubt the accuracy of those answers?—I am aware of it, and I have no reason to doubt the accuracy of the answers referred to.

On motion of Mr. *Brown*, it was *Ordered*, That the Receiver General be requested to lay before the Committee, copies of Messrs. Glyn, Mills & Co. and Messrs. Baring Brother & Co.'s accounts current with the Province for 1856 and 1857.

Examination resumed:

Ques. 833. Refer especially to answer to question 667; do you observe that the Bank promised to remit by the then next mail? Did not this assurance justify both the Receiver General and the Inspector General in assuming that a remittance was made in conformity, and to make the usual entry in the books?—I think so.

Ques. 834. Are you aware that the payment has been made; have you any evidence to shew it?—Upon enquiry at the Receiver General's office, I find that it has been paid, and I put in a copy of the Paymaster General's letter, which has been handed to me as the evidence of the acknowledgment of the receipt of the payment.

(Copy.)

PAYMASTER GENERAL'S OFFICE,
27th May, 1858.

SIR,—With reference to your letter of 29th March last, I am directed to acquaint you that in compliance with their Lordships' desire, the Bill of Exchange for £56,370 15s. 5d., forwarded by the Receiver General of Canada, has been realized, and the proceeds invested in the purchase of £58,378 10s. 10d. 3 per cent. reduced Annuities Stock, and added to the amount of £506,175 16s. 4d., already standing in the names of the Trustees for the Canada Guaranteed Loan Sinking Fund, making a total sum of £564,554 7s. 2s.

I am, &c.,

(Signed,) E. A. HOFFAY.

The Secretary of the Treasury.

On motion of Mr. *Hogan*, it was

Ordered, That Mr. Begly be requested to furnish a return of all wood contracts made by the Board of Works since the removal of the seat of Government to Toronto last, the dates of such contracts, and the prices paid, together with the names of the contractors, and also all wood purchased and paid for by the Board of Works for the various departments, without contracts, from whom it was purchased, and the prices paid for the same, and the quantity of wood supplied to the different departments within the last three months, who supplied it, and what prices were or are to be paid for it, and the name or names of the contractors or suppliers of the same.

Ques. 835. Are you aware of any other amount standing at the credit of the Province in the books of the Imperial Treasury?—Yes, there is an amount of £74,564 1s. 2d. sterling in the three per cent. consolidated annuities; I put in a letter dated January 20, 1858, showing the amount:

(Copy)

PAYMASTER GENERAL'S OFFICE,
20th January, 1858.

SIR,—With reference to the letter of the Secretary of the Treasury, dated 25th June, 1845, relating to the Canada Guaranteed Loan Sinking Fund, I am directed to report that the dividend due on the 5th instant, amounting to £1,101 0s. 7d. upon £73,402 0s. 6d. consolidated 3 per cent. annuities, purchased on account of the fund, has been received, and invested in the same stock, making the total amount of consols now standing to the credit of the said fund £74,564 1s. 2d.

I have, &c.,

E. A. HOFFAY.

The Secretary of the Treasury.

Ques. 836. What do you make the total amount invested in the three per cent. reduced annuities acknowledged for the Paymaster General's office under date 27th May, 1858?—£564,554 7s. 2d. sterling.

Ques. 837. What do you make the total amount acknowledged for the Paymaster General's office under date 20th January, 1858, as invested in the consolidated three per cent. annuities?—£74,564 1s. 2d. sterling.

Ques. 838. What do you make the total of the two investments named in the three per cent. reduced annuities, and in the consolidated three per cent. annuities acknowledged for the Paymaster General's Office?—£639,118 8s. 4d. sterling.

Ques. 839. Can you explain how these two investments came to be in two different stocks?—In December, 1855, there stood to the credit of the Province in England £69,487 7s. sterling, consolidated three per cent. annuities, for the purpose of paying the Sinking Fund of that year. An Order in Council was passed applying the amount towards the payment of the Sinking Fund. It was then standing in the name of Messrs. Glyn and Baring, trustees for the Province, and the amount was transferred to the Paymaster General. In 1856, it appeared by a despatch from the Colonial Office, that there was a discrepancy in the Imperial accounts as to the amount of the Sinking Fund at the credit of the Province. That being made known here, I addressed a letter to the Governor's Secretary to the following effect:

(Copy.)

No. 665.

RECEIVER GENERAL'S OFFICE,
Toronto, 31st May, 1856.

SIR,—In the month of February last, you were pleased to transmit for the information of this Department, copies of the following documents:

A letter from Her Majesty's Treasury, signed James Wilson, of date 22d Jany., 1856;—A letter from Lord Panmure to His Excellency the Governor General, of 31st January, 1856,—both having reference to the transfer of the sum of £69,987 7s. 0d. to the credit of the Canada Guaranteed Loan Sinking Fund.

From Mr. Wilson's letter I make the following extract :

"My Lords have at the same time requested that the stock receipt may be transmitted to the Paymaster General, to whose cash account the interest on this Stock is payable under power of attorney from yourself and Sir C. E. Trevelyan."

Under date 26th instant, you were further pleased to transmit to this Department copies of the following documents :

A letter from the Paymaster General's Office, of date 18th April last, and also a communication from the Right Honourable H. Labouchere to His Excellency the Governor General, of date 8th instant ; both of these latter communications also having reference to the Canada Guaranteed Loan Sinking Fund.

In the communication from the Paymaster General's Office, of 18th April last, the amount stated then to be at the credit of the said Fund is £474,335 10s. 5d. sterling, whereas on reference to the Public Accounts laid before Parliament for year ending 31st January, 1856, page 284, it will be found that the amount *then* at credit of the said Sinking Fund was £536,723 7s. 6d. sterling—the difference arising from the fact of the Paymaster General's Office not having credited in April the £69,987 7s. 0d. sterling, referred to in the communication from the Treasury of 22nd January last.

I have accordingly deemed it proper to bring the matter before you for the information of His Excellency the Governor General.

I have, &c.,

(Signed,)

JOS. C MORRISON,
Receiver General.

R. T. Pennefather, Esq.,
Governor's Secretary.

In reply to that the following was furnished :

No. 121.

(Copy.)

DOWNING STREET,
2nd August, 1856.

SIR,—I have to acknowledge your despatch, No. 81, of the 3rd June, relative to a discrepancy in the Canada Guaranteed Loan Sinking Fund Account.

I transmit herewith, for your information, the copy of a letter from the Treasury, explanatory of the discrepancy in question.

I have, &c.,

H. LABOUCHERE.

Governor Sir Edmund Head, Bart.,
&c. &c. &c.

TREASURY CHAMBERS,
28th July, 1856.

SIR,—I am commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of Mr. Secretary Labouchere, with reference to your letter of the 4th instant, that the discrepancy between the state of the Canada Guaranteed Loan Sinking Fund as shewn in a letter which their Lordships received from the Paymaster General's Department, dated 18th April, and a copy of which was forwarded to you on the 7th May, 1856, and its

actual condition, arises from the circumstance of the previous remittances and the interest thereon, which amounted to the sum of £474,335 10s. 5d., having been invested in the 3 per cent. reduced annuities, and the report of the Paymaster General referred only to that stock.

The sum of £69,987 7s., which stood in the names of F. Baring and G. C. Glyn, Esquires, in trust, in the 3 per cent. consolidated annuities, has been transferred to your name and that of Sir C. Trevelyan, in the same stock, and the dividends thereon are due on the 5th of July.

My Lords having procured the execution of the necessary power of attorney for the receipt of the dividends due on the the latter stock, they have directed the Paymaster General to cause them to be re-invested in the same stock as they become due.

I remain, &c.,

(Signed,)

C. E. TREVELYAN.

Ques. 840. What is the difference between the amount advised to be remitted by your letter of 28th February, 1857, and the actual amount transmitted by bill of exchange in February last, and acknowledged 28th May, 1858, and how did that difference arise?—The difference is £6,358 2s. 5d. sterling. When the Sinking Fund of 1855 was ordered to be paid out of the amount of £69,987 7s. consols, it was supposed that the difference between that amount and £80,000 sterling would go to the credit of 1856, and the treasury was only advised to the extent of £50,012 13s. sterling, being remitted on account of the Sinking Fund of 1856. A despatch was received from the Colonial Office, with enclosures, to the following effect :

(Copy.)

DOWNING STREET,
6th April, 1857.

SIR,—I have to communicate to you for your information the annexed copy of a letter and enclosures from the Treasury reporting the investment of £50,012 13s. which has been remitted to the Bank by the Receiver General of Canada on account of the Sinking Fund of the Province, and pointing out that the transfer made in January, 1856, was not in sterling but in three per cent. Consolidated Annuities.

I have, &c.,

H. LABOUCHERE.

Sir Edmund Head, Bart.,
&c. &c. &c.

(Copy.)

TREASURY CHAMBERS,
24th March, 1857.

SIR,—I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of Mr. Secretary Labouchere, that their Lordships have requested the Governor and Deputy Governor of the Bank of England to cause the sum of £50,012 13s., which has been remitted to the Bank by the Receiver General of Canada on account of the Sinking Fund of the Province for 1856, to be invested in the three per cent. reduced annuities in the names of Sir Charles Edward Trevelyan, Assistant Secretary to the Treasury, and of yourself in addition to the sum of £482,100 18s., now standing in that stock in your joint names, on account of the Canada Guaranteed Loan Sinking Fund.

I have at the same time to transmit to you copy of the letter from the Receiver General of Canada dated 28th ult., relative to the remittance of the said sum of £50,012 13s., and to request that you will submit to the Secretary of State the expediency of pointing out to the Governor General that the transfer made in January, 1856, was not in sterling money but in three per cent. Consolidated Annuities.

I have also to transmit to you a statement of the effect of that transaction, from which it will be seen that the sum now applicable in diminution of the usual payment of £60,000 is £3,649 2s. 7d., instead of £9,987 17s. assumed by the Receiver General. The further sum of £6,358 2s. 5d. will therefore be required to make up £60,000.

I am, &c.,

(Signed,) JAMES WILSON.

RECEIVER GENERAL'S OFFICE,
Toronto, 28th February, 1857.

SIR,—I am commanded by His Excellency the Governor General to communicate, for the information of the Lords of Her Majesty's Treasury, that there has been placed on account of the "Sinking Fund" of the Province with the Bank of England the sum of £50,012 13s. sterling, which, with the sum of £9,987 7s. sterling over-payment of "Sinking Fund" for the year 1855, will make £60,000 sterling, being the full amount for the year 1856.

I have, &c.,

JOS. C. MORRISON,
Receiver General.

Sir C. E. Trevelyan,
&c. &c. &c.

CANADA GUARANTEE LOAN. 1856.

Three per cent. consolidated annuities transferred on 25th January, 1856, to the names of Sir C. E. Trevelyan and H. Merivale, Esquire.....	69,987	7	0
Amount required to pay the sum of £60,000 sterling, one year's Sinking Fund on the Loan Consols at 90 $\frac{1}{2}$	66,206	18	0
Balance of stock remaining to the credit of the Government of Canada.....	3,780	9	0
Value of £3,780 9s., 3 per cent. consols, on the 17th March, the date of the receipt of the Receiver General's letter of 28th February, consols at 93	3,515	16	4
One year's interest on £3,780 9s., 3 per cent. consols	113	18	3
Sum now applicable in diminution of the usual payment of £60,000 for 1856	3,629	4	7

On the 28th May the following letter was addressed to Sir C. Trevelyan, Secretary of the Treasury.

(Copy.)

RECEIVER GENERAL'S DEPARTMENT,
Toronto, 28th May, 1857.

SIR,—Referring to my communication to your address of date 28th February last, advising you for the information of the Lords of Her Majesty's Treasury, that there had been placed on account of the "Sinking Fund" of this Province with

the Bank of England, the sum of £50,012 13s. sterling, which, with the sum of £9,987 7s. sterling, overpayment, it was presumed, of Sinking Fund for 1855, would make up the full amount, viz., £60,000 sterling, for the year 1856.

I now have the honor to inform you, that whereas by a Despatch to His Excellency the Governor General from Mr. Labouchere of 6th ultimo, it appears that a further sum of £6,358 2s. 5d., sterling, is required to complete the said sum of £60,000, the Bank of Upper Canada has been instructed to place to the credit of Her Majesty's Treasury with the Bank of England, the further sum of £6,358 2s. 5d. sterling.

I have the honor to be, Sir,
Your obedient servant,

(Signed,) JOS. C. MORRISON,
Receiver General.

Sir C. E. Trevelyan,
&c. &c. &c.
Secretary H. M. Treasury,
London.

Ques. 841. Are you aware whether the Sinking Fund for 1857 has been transmitted?—**Ans.** Yes; there is a letter from Mr. Ridout, the Cashier of the Bank of Upper Canada, stating the fact.

No. 396.

BANK OF UPPER CANADA,
Toronto, 28th June, 1858.

SIR,—In reply to your favor of the 26th instant, I have the honor to inform you that I have this day remitted to the Cashier of the Bank of England, the President, draft on Messrs. Glyn, Mills & Co, for £60,000 sterling on account of the Provincial Sinking Fund for the year 1857, and have instructed him to transmit his receipt for the amount.

I am, Sir,
Your obedient servant,

THOS. G. RIDOUT,
Cashier.

The Honorable John Ross,
Receiver General,
&c. &c. &c.

Ques. 842. Adding the amount now advised by the Bank as having been transmitted to the Treasury, namely, £60,000, what do you make the whole amount transmitted and invested for which the Province is entitled to credit?—£669,118 8s. 4d. sterling.

Ques. 843. Does not that sum exceed the amount entered in the Public Accounts for 1857, for which the Province claims credit, and how do you account for the difference?—It does; I account for the difference being £6,358 2s. 5d. sterling, referred to in former answers, and the dividends accruing this year

On motion of Mr. *Dubord*, it was

Ordered—That the Hon. the Commissioner of the Board of Works be summoned to appear before this Committee to-morrow morning.

C. J. Brydges, Esq., Managing Director of the Great Western Railway Company, was then examined.

(By Mr. Cayley.)

Ques. 844. Will you be good enough to read Mr. Stephen's letter, of the 1st September, 1857, in which he states that "in accordance with an arrangement between Her Majesty's Receiver General and the Managing Director of the Great Western Company, he is directed by the Board to hand to the Deputy Receiver General certain bonds." Can you give the date of that arrangement?—It was, to the best of my recollection, some time in the month of July, 1857.

Ques. 845. Was the arrangement made in writing?—No. I find that on the 30th July the minutes of the Finance Committee of the Company contain the following proceedings :

GREAT WESTERN RAILWAY.

Extract from Minutes of the Finance Committee on Thursday the 30th of July, 1857.

PRESENT :

J. YOUNG, VICE-PRESIDENT, CHAIRMAN,
C. J. BRYDGES, MANAGING DIRECTOR,
R. JUSON,
F. W. GATES.

725. Sinking Fund, Government Loan.

The Managing Director reported that he had been in communication with the Receiver General with a view to ascertain whether any arrangement could be made for the repayment of the Government Loan that would be more advantageous to the Company than the mode agreed on when the loans were effected, and the Receiver General had expressed his willingness to receive on account of the Sinking Fund, and at par, the £20,000 currency, Provincial Bonds, paid to this Company by the Galt and Guelph Company under the agreement between the two Companies for the completion of the line. The Receiver General undertook to submit the consideration of the matter to the Council, and expressed his opinion that the Government would consent to receive re-payment of the total amount advanced, £770,000 sterling, at par, during the next two years, crediting the Company, in account, with the amounts already paid thereon, and it was

Resolved, That the Provincial Bonds for £20,000 now held by this Company be transmitted to the Receiver General on account of the Sinking Fund on the Loan from Government, he having agreed to receive those Bonds at par.

The Managing Director was requested to communicate the nature of the above contemplated arrangement with the Government for the consideration of the English Board.

A true extract from the Minutes, Hamilton, 1st July, 1858.

W. KNAPP HENDERSON,
Pro Secretary.

Ques. 846. Understanding by your answer that the Receiver General had undertaken to take the pleasure of the Executive Council on the subject, did you subsequently ascertain from him that he had done so?—I understood the Receiver General to say that he had taken the opinion of the Council as regarded the payment of the loan, but not as regarded the payment of the Sinking Fund.

Ques. 847. Then the Debentures were transmitted by you under no agreement to accept, but in anticipation of a favorable answer from the Receiver General, after the sanction of the Executive Council had been obtained?—I

understood when the Debentures were transmitted they were taken at par without reference to any one else. That was my impression of the arrangement.

Ques. 848. From whom did you understand so?—From the Receiver General.

Ques. 849. Can you state the time when?—I believe it was in the month of July, 1857. I recollect a conversation with Mr. Morrison at his office, and I mentioned to him that we had these bonds, and that we had some municipal bonds and asked him if he would take them in payment of the sinking fund. His reply was that he would not take the municipal bonds but that he would take the municipal loan fund bonds.

Ques. 850. The Receiver General, as I understand, had previously informed you that he must obtain the sanction of Council, did he at the subsequent meeting to which you refer, inform you that he had done so?—I did not understand the Receiver General to say that it was necessary to have the consent of Council, on account of payment of the sinking fund. I understood that the reference to the Council was on account of the payment of the principal.

Ques. 851. How frequently did you see the Receiver General on the subject of the sinking fund, during the months of July or August?—I really cannot say.

Ques. 852. Why were not the debentures transmitted immediately after the minute of the Board of Directors dated 30th July, 1857?—I really cannot say why they were not, we probably waited for some opportunity of some one going to Toronto on other business.

Ques. 853. To whom were the debentures transmitted?—To the Deputy Receiver General.

Ques. 854. Was the Receiver General advised by you of this transmission?—I do not remember saying anything to him about it.

Ques. 855. Did the Receiver General inform you by letter about the 24th August, 1857, of his probable absence from Toronto for a few days after the 26th August?—Yes.

Ques. 856. Was that the period of the transmission of the Debentures to the Deputy Receiver General?—They were transmitted about a week afterwards; the reason why they were transmitted to the Deputy Receiver General was, that a letter was received from him asking for a payment on account of the sinking fund.

Ques. 857. Did that letter to which you now refer make any allusion to the supposed arrangement with reference to the Debentures?—It did not contain any reference to those £20,000, but was accompanied by a private note asking why don't you send down those £20,000? I never had any doubt about the arrangement being understood by the other parties.

Ques. 858. Should not that observation of the Deputy Receiver General have formed part of the official communication, treating as it did of same subject, and having reference to a supposed previous arrangement?—I cannot say whether it should or not; I always treated the arrangement as an understood thing.

Ques. 859. Was the receipt of the Debentures acknowledged by the Deputy Receiver General during the period when the Receiver General had informed you of his intended absence?—The receipt was dated the 3rd September; I do not know of any particular time that Mr. Morrison said he would be absent; my impression is that he was absent.

(By Mr. White.)

Ques. 860. Was Mr. Anderson present when the arrangement was made with the Receiver General taking Debentures for £20,000 at par?—To the best of my recollection Mr. Anderson was present the greater part of the time.

(By Mr. Brown.)

Ques. 861. Why, when you had Debentures in your hands, did you delay depositing them with the Receiver General?—The reason why we did not regularly continue to pay the money on account of the Sinking Fund was that we found that considerable delay took place in investing the money we sent, by which we lost three or four months' interest. We therefore kept back the money to avoid losing interest every time we sent it forward.

The witness then withdrew.

On motion of Mr. Brown, it was

Ordered,—That a return be obtained forthwith from the Receiver General's Office, showing the several amounts paid by the Province into the Imperial Sinking Fund for the liquidation of Lord Sydenham's Loan—the date of each payment—the class of securities in which each investment was made—and the acknowledgments received from the Imperial authorities for each such payment.

Ordered, That Mr. Whitmarsh be summoned to appear before the Committee next week.

Examination of Mr. Morrison resumed :

(By Mr. Brown.)

Ques. 862. While you were Receiver General, did the Inspector General exercise any control over the issue and sale of debentures, or were you in fact the Finance Minister? Whose duty was it to keep in view the payments falling due?—to estimate the amount necessary to be borrowed from time to time—and the best mode of borrowing?—All Debentures issued by the Province are drawn up in the Receiver General's Department and signed by the Receiver General and the Inspector General or their Deputies. The Inspector General as a matter of course has the power of exercising control over the sale of Debentures when ordered to be issued. I look upon the Inspector General as the Finance Minister of the Government, and, in connexion with the Receiver General, to keep in view the payments falling due. It is the duty of the Inspector General to estimate the amount necessary to be borrowed from time to time.

Ques. 863. When circumstances have required the presence of a member of the Government in England in connection with financial negotiations, who has been regarded as the proper officer to perform the duty?—Since the Union, I believe the Inspector General.

Ques. 864. While you were Receiver General was not the Inspector General cognizant of every finance movement, and gave his advice and assent in all that was done?—He always did, excepting in matters of detail in the Receiver General's Office.

Ques. 865. Were duplicate copies of Glyn and Baring's letters on all money matters regularly transmitted to the Inspector General?—I believe they were.

Ques. 866. Did Mr. Cayley correspond directly with Messrs. Glyn, Mills & Co., and Messrs. Baring Brothers & Co.?—Not to my knowledge, except with regard to the Grand Trunk.

Ques. 867. Had you other correspondence with Messrs. Glyn, Mills & Co., and Baring Brothers & Co., besides the ordinary official letters on file in the Receiver General and Inspector General's Offices?—No.

Ques. 868. From question 691, put to you by Mr. Cayley, it might be inferred that his predecessor, Mr. Hincks, was in the habit of leaving the negotia-

tion of Provincial Securities entirely in the hands of the Receiver General; can you say if this would be a correct conclusion, or if Mr. Hincks was not, in fact, the Finance Minister of Canada, and as such contracted all large financial operations?—I do not think it would. Mr. Hincks was the Financial Minister of Canada, and controlled all large financial operations.

Ques. 869. You stated in answer to question 694, that of the £500,000 of Debentures sold on 4th December, 1857, by Baring and Glyn—£379,800 were dated 1st July, 1857, and £120,200 were dated 1st January, 1858; and your attention being called to Mr. C. E. Anderson's evidence, that the whole £500,000 bore date the 1st July, 1857, you desired time to make reference to the Receiver General's books: please state if you have accurately ascertained the fact from the books of the Department?—I believe my answer to question 694 is correct.

Ques. 870. You stated in answer to question 692, that the said sale of £500,000 Debentures "was effected to net 103, less brokerage and commission;" were not these charges $1\frac{1}{2}$ per cent., and the net produced at the sale therefor only $101\frac{1}{2}$?—Yes.

Ques. 871. Was there not besides this, a loss of five months interest on £379,800, or £9,500; being $2\frac{1}{4}$ per cent. on that sum, and nearly 2 per cent. on the whole sale of £500,000?—That I am not certain of. I refer you to the Receiver General. It will appear by the account current of Messrs. Glyn and Baring.

Ques. 872. If the six months' coupons from 1st July, 1857, to 31st December, 1857, went with the debentures sold on 5th December, would not $99\frac{1}{2}$ be in fact the net product of that sale of £500,000 six per cent. debentures?—Yes, that would be about the amount.

Ques. 873. Mr. Cayley asked you (question 697) if you could quote "the fall" which took place in consols in November last," and you replied that "the price" of consols in November last was quoted at about 88 to $88\frac{1}{4}$ "—please state for what day in November you gave this quotation, and whether you referred to the 8 per cent. consols, or new 3 per cents., and to the cash price or the price for account?—The date I referred to was 13th November, 1857. I think three per cents. That was the quotation in the "Times."

Ques. 874. You stated in answer to Mr. Cayley's questions, 699, 700, and 701, that new 3 per cents were quoted on 18th November, 1857, at $87\frac{1}{2}$ @ 88; and on 14th June, 1858, 96 @ $96\frac{1}{4}$; and that the rise was therefore $8\frac{1}{4}$ per cent. in the last seven months;—what bearing had the price of consols on 13th November, 1857, or on 14th June, 1858, on the question of a sale of six per cent. Canadian Debentures, at $99\frac{1}{2}$ on the 4th December, 1857?—Upon the receipt of the advices of the London agents and of their quotations I almost invariably examined the state of the funds at the same date, and I generally saw the rise and fall of the debentures coincide to a great extent with the rise and fall of other stocks.

Ques. 875. Did not consols reach their lowest point during the panic, on the very day named by Mr. Cayley, the 13th November, 1857, and did they not commence rising steadily from that date?—Without reference to the journals I cannot state, but I believe that such was the case.

Ques. 876. On the day (4th Dec., 1857) when the sale of £500,000 six per cent. Canadian Debentures was made, had not the cash price of old three per cent. consols already risen from their depression on the 13th Nov., to $91\frac{1}{2}$?—It appears by the *Daily News* that the three per cent. consols for money were quoted from 91 to $91\frac{1}{2}$.

Ques. 877. On the day (19th Dec.) when the second instalment of the £500,000 sale was payable, had not the cash price of three per cents. risen to $92\frac{1}{2}$?—

By the *Daily News* of Dec. 19th, no cash quotations are given, but consols for 8th January are quoted at $92\frac{1}{2}$ to $92\frac{3}{4}$, closing at $92\frac{1}{2}$.

Ques. 878. On the day (1st January, 1858) when the third instalment was payable, had not the price of three per cents. risen to $94\frac{1}{2}$?—By the *Daily News* of January 2nd, consols ranged from $93\frac{1}{4}$ to $94\frac{3}{8}$, on account of 8th January.

Ques. 879. On the day (8th January, 1858) when the fourth instalment was payable, had not the price of three per cents risen to $95\frac{1}{2}$?—By the *Daily News* of January 9th, consols for money are quoted at $94\frac{3}{8}$ to 95.

Ques. 880. Please look at the official return of Baring & Glyn's quotations of the price on the Stock Exchange of six per cent. Debentures, and say if the quotation of 4th December, 1857, namely, from 105 to 106, was not the lowest quotation during the last three years?—It is.

Ques. 881. Please look at the London *Daily News* of 5th December, 1857, and especially to the prices given of six per cent. Debentures on the Stock Exchange the day previous, and say if the quotation is not 105 to 107, with sales at 106, $106\frac{1}{2}$, and $105\frac{1}{2}$?—Yes.

(By Mr. Ferres.)

Ques. 882. Did you understand from the expression in Messrs. Glyn's letter announcing the sale to "net 108," that the accrued interest on the coupons attached went to the purchaser or to the seller?—The word "net" struck my attention at the time. The Province would be credited 108, less the commission and brokerage, particularly as in the postscript the quotation was 105.

Ques. 883. Did the Deputy Receiver General go down to South Ontario to see you while the election was proceeding, and did he then communicate to you this sale of £500,000 six per cent. Debentures by Baring & Glyn?—He did come down and see me, but I have no recollection of Mr. Anderson stating it to me. If Mr. Anderson said so, I have no doubt it is correct.

Ques. 884. Did Mr. Anderson then call your attention to the improvident character of the transaction?—I have no recollection of it at that time. He did speak of it at the office.

Ques. 885. Was there a pressing necessity for that sale of Debentures being made at the moment? and if so, what created the necessity?—For some time previous I feared that while the market was in a depressed state large sales would be made, as Baring and Glyn had largely advanced on account of the Province.

Ques. 886. How had Baring and Glyn come to be so largely in advance for the Province?—I will answer the question after a reference to the books.

The Committee then adjourned. *

Saturday, 3rd July, 1858.

MEMBERS PRESENT :

MR. BROWN,
MR. FOLEY, and
MR. DUBORD.

The Hon. Mr. Morrison and Mr. C. E. Anderson were in attendance.

There being no quorum, the Committee stood adjourned until Monday at 11½, A. M.

FOURTH REPORT
OF
THE COMMITTEE ON PUBLIC ACCOUNTS.

Your Committee beg leave to present to Your Honorable House the further proceedings and evidence taken before them during their sitting of yesterday and of this day.

The whole nevertheless, humbly submitted.

A. T. GALT,
Chairman.

Committee Room, }
6th July, 1858. }

Monday, 5th July, 1858.

PRESENT :

MR. WHITE,

The Hon. Mr. *Morrison*, Mr. *Anderson*, and the Hon. Mr. *Alley*, attended in compliance with the order of the Committee.

There being no quorum, the Committee stood adjourned until to-morrow, at a quarter to 11, A. M.

Tuesday, 6th July, 1858.

MEMBERS PRESENT:

ALEXANDER T. GALT, Esquire, in the Chair.

MR. DUBORD,
MR. SOMERVILLE,
MR. HOGAN,
MR. FERRES,
MR. CHAPAIS,
MR. LE BOUTILLIER,
MR. WHITE,
MR. J. CAMERON,
MR. BUCHANAN, and
MR. MATTICE.

On motion of Mr. *Foley*, it was

Ordered—That the minutes of yesterday be amended by adding to them the names of Mr. *Foley*, Mr. *Dubord*, Mr. *Hogan*, and Mr. *Brown*.

Mr. *Morrison* was in attendance.

Mr. *Begly* and Mr. *Harper* attended in consequence of an order of the Committee.

Mr. *Begly* was examined.

(By Mr. *Dubord*.)

Ques. 887. Are you on the Board of Works?—I am Secretary of the Department of Public Works.

Ques. 888. Are you aware that Mr. *Baby* undertook to build four light-houses below Quebec, namely, Belle Isle, Forteau, Cap Rosier, and West Point of Anticosti?—Yes; he did.

Ques. 889. By the contract, was not the contractor obliged to buy every material or article at the market price, receiving for his remuneration 10 per cent. thereon; also, to charter vessels on the best terms possible?—The contractor was required to purchase the articles at market prices, and received 10 per cent. for his remuneration, as explained in the Report of the Commissioners to the Legislature last Session. I do not know that he was under any stipulation as regards the chartering of the vessels; he was to get 10 per cent. on his whole outlay.

Ques. 890. Do you understand by the contract that he was to engage workmen and labor on the best terms?—I suppose so; he received 10 per cent. also on that outlay, as shown by the documents furnished to Mr. *Dubord* by the Department.

Ques. 891. What check had the Government on the number of men employed, and the wages paid?—It was checked by the Superintendent, Mr. *Gauvreau*. There was also one foreman at each light-house, sent by the Government, whose duty was to take the time of the men, keep the account of the materials, and see that the works were properly done.

The Chairman left the chair, and Mr. *Foley* took his place.

Ques. 892. Was the foreman of each light-house obliged to keep an account of the goods and materials sent by Mr. Baby on account of Government?—I suppose not, as he was only paid for the materials used in the works.

Ques. 893. How could you, then, ascertain the amount of goods that were sent down, and which were charged by Mr. Baby?—I have no knowledge that Mr. Baby was paid for everything he sent down; I have reason to believe he was not, and he was only paid for the materials used in the buildings. I believe there were several schooner loads which were lost, and which he never was paid for.

Ques. 894. You have just now mentioned, in a former answer, that those foremen were sent there to keep the time of the men, and keep account of the materials employed in the building of these light-houses. How did you ascertain what the amount of materials was?—From the estimates of the Superintendent, Mr. Gauvreau, copies of which have been furnished to Mr. Dubord some time ago.

Ques. 895. Are you aware that Mr. Gauvreau, in sending those estimates, was sending copies of the estimates of the foremen?—I presume Mr. Gauvreau based his estimates on the returns of the foremen, and from his own personal inspection.

Ques. 896. Did you not oblige Mr. Gauvreau, before paying those estimates, to furnish vouchers?—The vouchers on which we paid were Mr. Gauvreau's own estimates. It is the rule of the Department to pay on the estimate of the Superintendent or Engineer. Those officers are responsible for their correctness.

Ques. 897. Have you always been in the habit of paying the estimates of Mr. Gauvreau without his furnishing receipts of the parties to whom money was paid, or without particulars?—All the particulars are in Mr. Gauvreau's estimate. We do not ask for the receipts, as he does not pay any money. We believe Mr. Gauvreau and our other Engineers and Superintendents to be honest men, and are satisfied with their certificates. When we find to the contrary they are dismissed.

Ques. 898. Do you also pay people without a pay list being furnished?—I am not aware of any pay lists being furnished in the cases of those light-houses. With regard to the payment of men, pay lists are always furnished when the Department employs the men themselves and duplicates certified by the Engineer or Superintendent, one copy of which is sent to the Auditor of Accounts and the other remains of record in the Department.

Ques. 899. Were the foremen who were sent there employed by the Government, and what were their wages?—I shall have to examine documents in the office before I can answer as to the rate of wages. I will furnish the information.

Ques. 900. Were there any other persons employed by Government excepting Mr. Baby and the foremen?—No men on Mr. Baby's works. There were four French mechanics paid who were brought from Paris to put up the catadioptrical lights, which can only be procured at that place.

Ques. 901. Are you aware if the foremen employed by Government were paid by Mr. Baby as clerks or otherwise?—I have no such knowledge, and I believe they were not. Mr. Baby had his own foremen.

Ques. 902. Do the papers now shown to you come from your Department?—Yes, they did, but they were accompanied by another document. The other document accompanying these papers now exhibited to me also comes from my Department.* I now also produce the missing documents which I had prepared for transmission to the Committee. They would have been sent sooner only I was

* See Appendix to this Report.

absent from the city. There are six of them. When Mr. Dubord examined the accounts, he was not aware that the last mentioned documents were missing until I told him. I informed him they would be produced.

Ques. 903. Say what is the amount paid for each lighthouse?—They are respectively as follows:—One of the estimates for the lighthouse at Cape Rosier gives details of men's time, £636 5s., and materials supplied, £287 7s. 8½d. Another estimate for the same gives £2028 10s. 10d. The estimate for the lighthouse at Forteau shows £3127 11s. 10d. The estimate for the lighthouse at Belle Isle amounts to £3792 10s. 10d. That for Anticosti £349 17s. 10d. Also another for the same lighthouse £3153 0s. 10d. Making in all £13,875 4s. 10½d.

Ques. 904. How was it that those accounts were missing on the 14th June last?—I believe they were given to the late Chief Commissioner, who mislaid them. But the amounts of those were all included in the amounts previously given to you. It was merely the details that were missing. I believe they correspond with the amounts given to Mr. Dubord. Those six last amounts are the details that were missing.

Ques. 905. Where were those missing papers found, and when?—The papers have not yet been found, the six papers produced were furnished by Mr. Gauvreau on the 19th June, 1858, to supply the missing ones referred to, as shown by the date on the face of the documents, and as being copies of the originals.

(By the Chairman.)

Ques. 906. Are there duplicate copies of those six missing papers in the Auditor's Office, and if yes, why was not application made to that office to supply them instead of to Mr. Gauvreau?—I could not say whether there are copies in the Auditor's Office. I presume there are, as it was usual to furnish them, as copies were required in the Department with the actual signature of the Superintendent attached. It was thought better to have them from him,

(By Mr. Dubord.)

Ques. 907. Did you not on or about the 14th June last receive a summons to appear before this Committee?—When I returned home I found a summons. It was during my absence in Lower Canada that these papers were furnished from Mr. Gauvreau. I will give dates and correspondence.

Ques. 908. Did you go to Quebec on your last visit to Lower Canada; and was it at the instance of some member of the Government, or of your own accord?—My principle reason for going to Lower Canada was to take my family to Three Rivers, and I was directed by the Commissioners to transact business at Montreal, Beauharnois Canal, Quebec, and Ottawa.

Ques. 909. What was the nature of the Government business that you were instructed to transact in Quebec?—I took down papers given me by the Chief Commissioner relative to a case pending in Court between the Hon. John Young and the Government, and to ascertain the nature of the evidence required; it was also thought better that I should see Mr. Gauvreau, relative to some misstatements which appeared in the newspapers over Mr. Dubord's signature relative to these light-houses. transacted other business also.

Ques. 910. Have you seen Mr. Gauvreau's books concerning those light-houses?—I have not. The only conversation I had with Mr. Gauvreau was relative to the prices charged, which Mr. Dubord represented as exorbitant, and as many people had supposed, from the many representations I had heard from them that the prices charged in the estimates were for the rough material, whereas the prices charged were for materials prepared, for instance, stone cut and not rough, flooring

planed, tongued and grooved ready to lay, windows complete, with their frames glazed and painted, and other materials in the same manner.

(By Mr. Foley.)

Ques. 911. On What day of the month of June did your interview with Mr. Gauvreau take place?—I saw Mr. Gauvreau on the Tuesday after I left Toronto.

(By Mr. Dubord.)

Ques. 912. Did you ask Mr. Gauvreau to show you any of the vouchers and accounts in relation to the materials you have just described?—I did not.

Ques. 913. Did Mr. Gauvreau show you any?—Mr. Gauvreau wished to show me some, but I had not time to enter into an examination, as my time in Quebec was very limited, and I had a number of people to see.

Ques. 914. Did you not wish to look at those accounts because you might be called as witness against Mr. Gauvreau?—No; it never came into my mind that I might be witness against Mr. Gauvreau.

Ques. 915. Are you judge of the value of some of the goods that are charged in those accounts?—I do not know much about the prices.

Ques. 916. Do you know anything of the price of cement, and where it was bought?—I do not know much about the price, but I have understood that a great portion of it was procured in Upper Canada or the United States; I cannot tell from whom; I have reason to believe it was got where Mr. Woodruff, the Superintendent of the Welland Canal, and Mr. Page, the engineer, recommended.

Ques. 917. Look at the items for the building of the light houses at Anticosti and at Cape Rosier, and say how it happens that they amount to the same sum of £14,043 10s. 4d. in each case?—On looking at the amount now I find an error which I presume was made in the copy; I cannot speak with accuracy until I examine them.

Ques. 918. In the account current of the Department I find different items for conveying passengers, freight, and light house apparatus to the amount of £25,490, and in that sum I find an item, "light house steamer Doris (Sept. 22, 1856) £4,125," can you explain that?—If it is not included in the estimate of Mr. Gauvreau, it must be for some special service unconnected with the contract.

Ques. 919. Is it to your knowledge that Mr. Baby made presents to any one connected with the Government, or to superintendents on the works, or promises of the same?—I have heard of his making trifling presents of fish, or other things of that kind.

Ques. 920. Any thing else, either directly or indirectly?—I cannot tax my memory; I know of nothing of value.

Ques. 921. Do you know of his having given the use of a house or houses free of charge, to any body connected with the Government?—I have no knowledge.

Ques. 922. In whose employ was Mr. Gauvreau, before he was engaged by the Government, and is he a Civil Engineer?—I do not know. We do not consider him a Civil Engineer.

Ques. 923. How long has Mr. Gauvreau been in the employ of the Government?—About the time that Government was removed from Toronto.

Ques. 924. Where was Mr. Gauvreau chiefly employed, and whose works or contracts did he superintend?—Wherever we had works in the neighborhood of Quebec and the Lower St. Lawrence, and as far as Sherbrooke.

Ques. 925. What amount has the Board of Works paid on Mr. Gauvreau's certificates, without vouchers, and did it include Mr. Baby's entire account?—It includes all Mr. Baby's accounts that came under Mr. Gauvreau's superintendence.

Ques. 926. Has the Board of Works paid for materials supplied, and goods furnished to the light-houses in the Lower St. Lawrence, without ascertaining their value? And may not the Board of Works have paid unfair or extravagant prices for such goods and materials?—We ascertained the value from Mr. Gauvreau; we pay on his estimates, and he is responsible for the works of the light-houses.

Ques. 927. Then the Board of Works paid every thing on Mr. Gauvreau's sole estimate?—With regard to the lighthouses, we did.

Ques. 928. What security has Mr. Gauvreau given for faithful management; and why did the Board of Works pay his estimates without dates or vouchers for items?—**Ans.** The Department do not require security from a man in his position. The Board of Works paid the estimates certified by him, which I believe are dated.

Ques. 929. Have you any means of knowing, by the accounts shewn to you, that items might not have been twice charged, and that the labour account is correct?—I have no knowledge of the matter. It is not my province in the office to check accounts.

Ques. 930. Was the Board of Works then in the habit of paying accounts without dates, and without any means of knowing, through dates, whether the goods and materials were delivered or not?—The Department have only the estimates of Mr. Gauvreau.

The Committee then adjourned until to-morrow at 10 o'clock, A. M.

FIFTH REPORT
OF
THE COMMITTEE ON PUBLIC ACCOUNTS.

Your Committee beg leave to present to Your Honorable House the further proceedings and evidence taken before them during their sittings this day.

The whole nevertheless, humbly submitted.

A. T. GALT,
Chairman.

Committee Room,
7th July, 1858.

Wednesday, 7th July, 1858.

MEMBERS PRESENT :

ALEXANDER T. GALT, Esquire, in the Chair.

MR. LE BOUTILLIER,
MR. WHITE,
MR. DUBORD,
MR. HOGAN,
MR. CHAPAIS,
MR. FOLEY,
MR. SOMERVILLE,
MR. MATTICE,
MR. BUCHANAN,
MR. SIMARD,
MR. FERRES,
MR. J. CAMERON,
MR. STARNES, and
MR. BROWN.

Hon. Mr. *Alley* attended as witness.

Mr. *LeBoutillier*, one of the members of the Committee, was examined on motion of Mr. *Dubord*.

Ques. 931. Are you not resident near Cap Rosier Light-house?—No.

Ques. 932. Is that the nearest light-house to your residence? What distance is it?—Yes, it is. It is about twenty miles.

Ques. 933. Are you aware that an estimate was made for that light-house?—To the best of my recollection an estimate was made amounting to about £6500. I have understood that that was the sum proposed by Government for its construction.

Ques. 934. Have you visited the light-house?—Yes.

Ques. 935. By the knowledge that you have of the place and the price of material, do you consider that the light-house could have been built for the sum named?—I do not think it could have been built for the sum named; but I think it could have been built for £9,000, which would have afforded a good remuneration to the builder.

Ques. 936. Will you examine the light-house accounts furnished by the Department of Public Works, and state your opinion of the charges therein named.—There is no key to these accounts, and I cannot understand them. The only thing that I can see is that the amount of it is £17,269 13s. 6½d.

Ques. 937. Are you aware that the steamboat taking a proportion of all the charges, cost £6,000?—I am not aware of it.

(By Mr. *White*.)

Ques. 938. Do you consider the system adopted in the construction of Public Works, for the advantage of the Province?—I consider it most disadvantageous. I think it should be left to public competition.

Ques. 939. Are you not of opinion that the Province sustained a loss in the system pursued by the Government in the construction of the public works below Quebec?—Yes, and elsewhere.

Hon. Mr. *Alley*, Chief Commissioner of Public Works, was called in and examined.

(By Mr. *Dubord*.)

Ques. 940. How long have you been Commissioner of Public Works?—*Ans.* Since the 26th November last.

Ques. 941. Since you have been in the Public Works, have you made any changes in your Department as regards the tendering for supplies to the new light-houses below Quebec? if so, explain what they are and when made.—About a month ago those light-houses were placed under the management of the Trinity House of Quebec for maintenance and for furnishing the supplies. Tenders have been advertised for a steamer to carry the supplies down to these light-houses. These changes have been made in accordance with reports in my Department, sanctioned by the Government. Every contract connected with this service has been given by public competition, to the best of my belief, since I have been in office. I cannot speak more distinctly as to date or particulars, not having known that I was to be examined on this point until I came into this room.

Ques. 942. Are you aware that there was some difficulty about papers wanted by this Committee that could not be furnished by Mr. Begley?—I heard it from Mr. Dubord for the first time in the House, I then made inquiry at the Department and ascertained that copies of those papers had been procured and transmitted to this Committee. I never saw the papers which have been mislaid, and was informed that they had been lost by the late Chief Commissioner, or at least during his term of office.

(By Mr. *Foley*.)

Ques. 943. Are not such papers copied into some book or otherwise secured in your Department?—I cannot well say, not knowing what the documents were.

Ques. 944. Look at these documents substituted for the original, and say whether or not they are important?—I see these documents now for the first time. They are very important, and I can now say that such are not copied into any book in the Department. The practice is to file them, having first registered them with a number for reference.

Ques. 945. Mr. Begley, of your Department, made a recent visit to Quebec. Was it at your instance as Chief Commissioner, and what were his instructions, so far as his business with Mr. Gauvreau was concerned?—It was not by my instructions that Mr. Begley went to Quebec. He told me he was going to Lower Canada with some of his family on the day he left, and he stated that he intended if there was no objection to go to Quebec and to make enquiries from Mr. Gauvreau with regard to some particulars connected with the new light-houses accounts. I stated to him that there was no objection; on the contrary, I requested him as he was going down to consult our lawyers about a suit pending at the instance of the Hon. John Young against the Department, and to take some documents with him about proceeding with which suit we had received pressing letters. He was also to ascertain about documents necessary to answer an address of the House concerning the Beauharnois Canal. From Mr. Begley's statement I considered it was advisable that he should see Mr. Gauvreau in Quebec. About ten days previous, Mr. Begley stated to me his intention about going to Lower Canada, but it was then postponed as it was supposed that information connected with the estimates of the Department, which it was intended should then be prepared, would be required from him.

(By Mr. *Dubord*.)

Ques. 946. Then it was not by your instructions, but at his own request, that he went to see Mr. Gauvreau?—It was suggested by Mr. Begley, and from his statement I approved of it. Beyond this it was not my direction.

Ques. 947. Are you aware when the missing papers were found,—when and how?—Mr. Begley informed me that he had received the copies from Mr. Gauvreau, and transmitted them here. When he received them he did not state. By saying Mr. Begley, I mean the Department.

(By Mr. *Foley*.)

Ques. 948. In truth the missing papers never have been found, but copies said to be true ones, have been furnished by Mr. Gauvreau, at the instance of the Department; is not this the fact?—Yes; certainly.

(By Mr. *Dubord*.)

Ques. 949. In a case of such importance, was it not the duty of Mr. Begley to inform you that those papers were missing, and were wanted by the Committee?—In my opinion I ought to have been informed of it; but as to its being the duty of Mr. Begley, it depends much, I think, on what has been the usage of the Department for years back.

Ques. 950. Are you aware that Mr. Begley had a view of Mr. Gauvreau's books or accounts while in Quebec?—No; I know nothing of what passed there between Mr. Begley and Mr. Gauvreau except what I have seen in the newspapers, beyond Mr. Begley having told me generally that he had seen Mr. Gauvreau.

(By Mr. *Foley*.)

Ques. 951. Do you not think that vouchers for the prices paid by Mr. Baby for supplies, materials, &c., ought to have accompanied Mr. Gauvreau's returns of estimates; if such vouchers are not sent in with the estimates, how can the Department properly judge of the amount which Mr. Baby ought to receive as profit?—Yes, I think so; the Department, it seems to me, in the absence of such vouchers, can only judge from the returns of the Superintendent, which I do not consider a sufficient check either as to the disbursements or as to the profits.

(By Mr. *Galt*.)

Ques. 952. Do the Committee understand that under the recent arrangements stated by you, this portion has wholly ceased, under which these high arrears were constructed, and that the arrangement for paying a commission on outlay, has also ceased?—Yes, some amounts, however, for repairs it appears have been paid since my time for work done previously, which had not been given by contract; the work having been done, it became, of course, necessary to pay the accounts.

(By Mr. *Foley*.)

Ques. 953. Would it not be well that even now that an investigation should take place into the alleged vouchers made by Mr. Baby, with a view of recovering back for the benefit of the Province, whatever may have been over paid him; is it your intention to institute such enquiry?—I think not, because having been once paid by the Government of the day, I consider the matter should be regarded as finally settled, as far as any repetition of payment is concerned; as

regards the institution of an enquiry, I shall form my opinion when I hear all the evidence, and obtain all the information in my power.

Ques. 954. Are there claims of Mr. Baby's now before the Government for arrears of past years; if yes, what is the amount of such claims, and the nature of them?—There is a claim connected with the Temiscouata Road; the amount I cannot state without reference to the office, and I only speak vaguely as to there being such claim, and from general impression, never having had the matter before me; I am aware of no other claim at present; claims may be in the office connected with the works, of which I would not be aware until they are taken up in their order and submitted to the Commissioners.

(By Mr. Dubord.)

Ques. 955. Are you aware that all accounts before payment must be signed by Mr. Begley?—I am not aware of it, but the certificates are initialled by him before being signed by either of the Commissioners.

Ques. 956. It was stated by Mr. Begley, yesterday, that overseers were employed by Government to take account of the materials employed by Mr. Begley in the construction of those lighthouses. Do you consider that before payment to Mr. Baby, or his agent, Mr. Begley should have been in possession of the returns of those overseers?—This depends wholly on the orders received by Mr. Begley from the Commissioners, of which I know nothing, it was for the Secretary to follow the instructions he received.

Ques. 957. Do you know if such returns were made by the overseers and fyled in your Department?—These works, I have before stated, were before my acceptance of office, and I do not know.

(By Mr. White.)

Ques. 958. Were the lighthouses and other public works on Lake Huron constructed since you took office?—No.

Ques. 959. Were the contracts for such works offered to public competition?—I cannot say for certain. I believe not, it was before my time.

Ques. 960. Look at the account of Lake Huron lighthouses shewn you and say whether any money was paid since you took office, and if so, was it under contract or otherwise?—I see two items in December last. Without reference to the Department I cannot say positively whether they were paid under contract or not.

Mr. Begley's examination continued by Mr. Hogan.

Read the following letter from Mr. J. K. Creed:

(Copy.)

PORT STANLEY,
14th January 1857.

SIR,—I consider it necessary, however painful to me, to inform your honors that I have been suspended from my situation by Mr. Page. I promptly admit, under the general appearance of the discrepancies in filling up the blank forms of Progress Estimates pointed out by him to me, I fully merit it; but if you will believe me when I state it was the first idea I had of having been guilty thereof, or of having been led into the matter by the subtlety of the contractor. It is on my part completely an error of judgment, not of intention. I am under hopes that on mature consideration the authorities will plainly see that I have been an unsuspecting instrument used in the transaction.

I most sincerely regret my want of thought and credulity in depending on an interested party; heretofore I have had no complaints against me, nor should I now had my abilities been suitable to the situation. I have through life preserved my character unimpeached; the obligations I am under to gentlemen who recommended me to the Department, I could not think of trifling with them or the Department, by doing any act that would lead either to believe I would be guilty of an improper or unjust act, and should the statements as before you show in my favour and make an impression on the Commissioners of my non-intention to combination or fraud in the matter, may I humbly and respectfully beg to be restored to a situation.

Sir, may I humbly entreat your honours to look favourably on
Your obedient servant,

(Signed,) J. K. CREED.

T. A. Begley, Esq.,
Secretary Public Works,
Toronto.

(By Mr. Hogan.)

Ques. 961. Please read and examine the letter shown to you from J. K. Creed, an overseer, or superintendent of the Public Works at Port Stanley Harbour, in which he admits the causes of his dismissal, and say whether any such supervision as led to his dismissal was exercised over Pierre Gauvreau?—I believe there was. But I would require to refer to the books to examine the copies of the letters written.

Ques. 962. Do you think the supervision which led to the discovery of the fraudulent estimates at Port Stanley Harbour, and the complicity of the overseer with the contractor, in regard to them, was a necessary and highly proper supervision?—If it regards the Department, I have no opinion to offer on their judgment. I think that Mr. Creed's dismissal is very proper.

(By the Chair.)

Ques. 963. Will you please state to the Committee the circumstances which led to Mr. Creed's dismissal?—It is usual for the Commissioners to send the Chief Engineer of the Department to make periodical inspections of the works. On one of those visits to Port Stanley, he found a quantity of dredging returned by Mr. Creed as done which had not been executed; an investigation took place, and the over quantity was deducted from the estimates. Mr. Creed not being able to give satisfactory explanation he was dismissed.

(By Mr. Hogan.)

Ques. 964. Who was the contractor at Port Stanley Harbour, and was it for his advantage that this fraudulent estimate was made?—Mr. James Cotton was the contractor, and he would have benefitted by it had he been paid.

Mr. Hogan moved the following question:

Ques. 965. Do you not think it was unsafe and improper for the Board of Works, which dismissed Creed for giving James Cotton fraudulent progress estimates to the extent of upwards of £800, to allow Mr. Gauvreau, without either check or supervision, to audit accounts to the extent of tens of thousands of pounds, and to give estimates for work to the same amounts, without either vouchers, dates, or proofs of their accuracy?

Mr. *Buchanan* moved in amendment, that all the words after the word question be erased and the following substituted :

Was it the fact that Mr. Gauvreau, without either check or supervision, audited accounts of tens of thousands of pounds and gave estimates for work to the same amounts without either vouchers, dates, or proofs of their accuracy ?

The amendment being put to the vote was carried on the following division :

<i>Yeas.</i>	<i>Nays.</i>
Mr. Cameron,	Mr. Hogan,
Mr. Simard,	Mr. Dubord,
Mr. Buchanan,	Mr. Foley,
Mr. Ferres,	Mr. White,—4.
Mr. Galt,—5.	

Ans. There was the same supervision there as at Port Stanley. The Chief Engineer inspected the works, but they being at a great distance, most difficult of access, and the cost of taking him there very expensive, his visits could not be made so frequently as to other works. I believe the estimates all bear date, and the vouchers the Department required is attached to each estimate.

(By Mr. *Hogan*.)

Ques. 966. Look over the accounts furnished, and state what estimates and vouchers were produced by Mr. Gauvreau besides these accounts.—The estimates produced of the superintendency of Mr. Gauvreau were the only vouchers required by the Department.

Ques. 967. What do you mean by an estimate ? Is it the account of Mr. Gauvreau, without dates, when materials were provided, or proofs that the work was done ?—The documents shown me are in the Department known as estimates. The difference made in the office between an estimate or an account is that the former is furnished and certified by the officer in charge. An account a document furnished by the person from whom goods or materials are purchased, which the rules of the Department require the superintending officer also to certify. No materials were furnished by Mr. Gauvreau.

(By Mr. *Ferres*.)

Ques. 968. Before payment of the final estimate of the Superintendent for the four light-houses now in question, did Mr. Rubidge, the Engineer of the Board, take the exact measurements of the different classes of material from the plan of each light-house which was furnished to the contractor on commencing the work ; and did the quantities returned by Mr. Gauvreau agree with or exceed the quantities as shewn by the said plans ?—When the final estimates were received by the Department, I requested Mr. Rubidge to make comparative statements of the quantities returned and certified to by Mr. Gauvreau, and the calculation of the quantities from the original plans on which the light-houses were built, and which had been made by him. The quantities agreed very nearly, some rather over, some rather under. It is materials used in the works of which I am speaking. I informed the Commissioners that I had had this done, and they approved of it. The comparative statements did not take in some articles which Mr. Rubidge said he could not calculate without seeing the work.

(By Mr. Hogan.)

Ques. 969. What had the quantities mentioned in the last answer to do with the prices paid to Mr. Baby; and did Mr. Rubidge ever inspect Mr. Baby's accounts and say that Mr. Baby's charges were all just?—They had to do so far, that the calculation at the prices had to be made on the quantities, to show the amounts which should be paid, and it was thought a wise precaution to have Mr. Rubidge to examine Mr. Gauvreau's returns, and make the comparative statement referred to, which only relates to quantities of material. Mr. Rubidge did not make any statement with regard to prices.

(By Mr. Dubord.)

Ques. 970. Will you point out any item in the account which was referred to Mr. Rubidge by you for examination?—Fire-bricks was one item.

(By Mr. Hogan.)

Ques. 971. Were contracts ever given or advertised for upon Mr. Rubidge's plans for the said light-house?—Not to my knowledge.

Mr. Simard moved that the following question be put to the witness.

Mr. Dubord has stated to this Committee that the sum of £4,725. was paid by the Government to Mr. Baby for the loss of the steamer "Doris." Can you inform the Committee if that statement is correct?

Mr. White moved in amendment, that the Committee do now adjourn till to-morrow at 10 o'clock.

SIXTH REPORT OF THE COMMITTEE ON PUBLIC ACCOUNTS.

Your Committee beg leave to present to Your Honorable House the further proceedings and evidence taken by them during their sitting of the 8th July, 10th July, and of this day.

The whole nevertheless, humbly submitted.

Committee Room, } 13th July, 1857. }	A. T. GALT, Chairman.
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Thursday, 8th July, 1858.

PRESENT :

A. T. GALT, ESQUIRE, Chairman.

After waiting the usual time, and the House sitting, the Chairman adjourned the Committee until Saturday next, at 10 o'clock in the morning, and ordered the Clerk to summon the members and the witnesses for that day.

Saturday, 10th July, 1858.

MEMBERS PRESENT :

A. T. GALT, ESQUIRE, Chairman.
MR. MATICE,
MR. SOMERVILLE, and
MR. FERRIS.

Mr. *Shanly* and Mr. *Begly* were in attendance.

Mr. *Begly* handed three papers from the Department of Public Works.

There being no quorum, the Committee adjourned until Tuesday next, at 10 o'clock, A. M.

Tuesday, 13th July, 1858.

MEMBERS PRESENT :

ALEXANDER T. GALT, Esquire, Chairman.

**MR. J. CAMERON,
MR. FERRERES,
MR. HOWLAND.
MR. DUBORD,
MR. WHITE,
MR. SOMERVILLE,
MR. HOGAN, and
MR. FOLEY.**

The minutes of the last meeting were read and confirmed.

Mr. Begly and Mr. Anderson were reported in attendance.

Mr. *Foley* took the Chair in the absence of the Chairman.

Mr. *Begly* was called in and his examination continued.

Mr. *Galt* came in and took the Chair.

(By Mr. *Dubord*.)

Ques. 972. Does the Department examine all the accounts before they are sent out, and are they not signed by you before they are paid?—The instructions of the Commissioners are that they are to be examined by the Book-keeper, whose duty it is to do so; I do not sign any account which is paid in the office; I certify to the accounts for contingencies which are paid in the office of the Secretary of the Province.

Ques. 973. Who signs or certifies the accounts of Mr. Baby before they are paid?—They are not signed by any party in the office; they are paid on a certificate of the Engineer or Superintendent, who is an outdoor officer.

Ques. 974. Do you mean to say that those accounts of Mr. Baby were paid on the signature of Mr. Gauvreau only, without being examined or otherwise certified?—I have stated already that it is the duty of the Book-keeper to examine all accounts; there is no other certificate on the account.

Ques. 975. After these accounts have been examined by the Book-keeper how has payment been made to Mr. Baby?—By a certificate for a warrant in accordance with the Act 9 Vic. cap. 37, signed by one of the Commissioners, being first initialed by me, on the representation of the Book-keeper that the account is correct, and he being the person who makes out the certificate.

Ques. 976. Does the Book-keeper certify the account to you verbally or in writing?—He writes out the certificate for a warrant, which certificate is to be signed by one of the Commissioners as I have already stated; I consider that his writing out that certificate is sufficient proof of its correctness for me to put my initials on the certificate, and that he has previously examined the account.

Ques. 977. Look at the accounts shown you and say if they have been examined by the Book-keeper, and how?—I cannot say whether they have been examined or not. I am not present with the Book-keeper when he examines the account.

(By the Chair.)

Ques. 978. Will you please to furnish the Committee with copies of any correspondence had with Mr. Gauvreau on the subject of the accounts that were mislaid?—The originals of two of the vouchers for Forteau and Cap Rosier, which have been missing, were received in the office on the 9th October, 1857, in a letter from Mr. Gauvreau, dated the 6th of the same month, the original of which is now produced; it is endorsed by Mr. Shanly, and enregistered in the Register book by Mr. Guy, then the Register Clerk, under number 34815, a certified copy of which I now hand in. On the 16th of November, 1857, Mr. Gauvreau was telegraphed under No. 595 as follows:

P. GAUVREAU, Quebec,—Final estimates for light-houses required immediately. Answer.

(Signed,) THOMAS A. BEGLY,
Secretary.

I produce a certified copy and the original Telegraph Book of the Department. Mr. Gauvreau answered the same day as follows:

QUEBEC, 16th November, 1857.

THOMAS A. BEGLY,—You have already in the Department final estimates for Cap Rosier and Forteau. Steamer "Napoleon" arrived this morning, and we are preparing those of Belle Isle and Anticosti.

(Signed,) P. GAUVREAU.

I produce the original, endorsed by Mr. Shanly, and entered by Mr. Guy in the Register Book under No. 35216. I hand in a certified copy.

Another telegram to Mr. Gauvreau, dated the 24th November, 1857, is as follows:

P. GAUVREAU, Quebec,—What is the amount of final for Belle Isle and for Anticosti? Answer.

(Signed,) THOMAS A. BEGLY,
Secretary.

As per telegraph book, No. 605. I hand in a certified copy.

I hand in the original answer as follows:

QUEBEC, 24th November, 1857.

T. A. BEGLY,—Final for Belle-Isle is nineteen thousand seven hundred and thirty-four pounds; Anticosti, sixteen thousand five hundred and forty-six pounds. Estimates to be mailed to-morrow.

(Signed,) P. GAUVREAU.

This telegram is endorsed by Mr. Shanly, and entered in the Register book by Mr. Guy under number 35,311. I hand in certified copy.

Another telegram to Mr. Gauvreau was sent on the 27th November, 1857, under No. 608, as follows:

P. GAUVREAU, QUEBEC,—You must leave Quebec to-morrow morning, Saturday, so as to be here Monday. Chief Commissioner is waiting. Bring all papers connected with Lighthouses, Marine Hospital, Custom House, and Grosse Isle.

(Signed,) THOMAS A. BEGLY,
Secretary.

I hand in certified copy.

I now hand in a certified copy of a letter to Mr. Gauvreau, dated 15th June, 1858, which is as follows :

(Copy.)

No. 24,633.

PUBLIC WORKS,

Toronto, 15th June, 1858.

SIR,—Part of the details of the estimates for the Lighthouses below Quebec, which had been furnished by you, and which had been sent from this office to that of the Honorable the Executive Council, have been mislaid. As they are now required by the Legislature, I am directed to request that you will furnish them with the least possible delay. The details required are enumerated on the accompanying memorandum.

I have the honor to be,

Sir,

Your obedient servant,

(Signed,) THOMAS A. BEGLY,
Secretary.

P. Gauvreau, Esq.
Quebec.

Certified a true copy.

THOMAS A. BEGLY,
Secretary Public Works.

Memorandum of the details required from Mr. Gauvreau, on the final estimates for the Lighthouses below Quebec :

Forteau.—Details of expenditure from 30th June, 1856, to 23rd November, 1856, £3,127 11s. 10d., forming a part of the sum of £16,203 13s. 8d., in estimate dated 6th October, 1857.

Belle-Isle.—Details of expenditure from 30th June, 1856, to 23rd November, 1856, £3,791 14s. 10d., forming a part of the sum of £15,628 10s. 7d. in estimate dated 25th November, 1857.

Cap Rosier.—Details of expenditure from 30th June, 1856, to completion of the work, £3,226 2s. 7d.

Anticosti.—Same as Cap Rosier, £2,502 9s.

Certified.

THOMAS A. BEGLY,
Secretary Public Works.

I produce the letter book showing the letter to be entered at its proper place and date.

That letter was answered by Mr. Gauvreau as follows :

QUEBEC, ST. GEORGE'S HOTEL,
19th June, 1858.

To Thomas A. Begly, Esq.,
Secretary of the Board of Works,
Toronto.

SIR,—In answer to your letter of the 15th instant, and numbered 24,633, I

enclose the documents which you request. These documents are made up in accordance with the memorandum accompanying your letter.

I have the honor to be,

Sir,

Your obedient servant,

P. GAUVREAU.

Certified a true copy.

THOMAS A. BEGLY,

Sec. Public Works.

This letter was received in my absence on the 22nd June; it was opened and endorsed by Mr. Harper and entered in the Register Book in its proper place under No. 37,413.

On the 19th June I was at Three Rivers and had no opportunity of seeing Mr. Gauvreau previously in relation to this matter. I had not seen him at all for months before.

Ques. 979. Referring to your answer to *Ques. 921*, which is as follows: "Do you know of his (Mr. Baby) having given the use of a house or houses free of charge to any body connected with the Government?" and to your reply, "I have no knowledge," do you wish to make any further statement to the Committee on the subject?—*Ans.* I wish to state that I rented a small house from Mr. Baby for the winter of 1852, on Hope Hill, Quebec, for which I paid him £50. I now exhibit Mr. Baby's receipts for the rent, one dated 8th March, 1853, the other on the 3rd June of the same year. I produce my original cheque book showing a cheque to Mr. Baby, No. 122, dated 8th March, 1853, for £31 4s. 9d.; also for another cheque, No. 158, date 3rd June, 1853, for £13 3s. 6d. I also produce the cheques themselves, which were paid by the Bank of Upper Canada. I also produce my Bank-book showing those cheques at my debit. I make this statement because it has been falsely asserted in the newspapers that I paid no rent for the house of Mr. Baby.

(By Mr. Dubord.)

Ques. 980. Have the foremen or overseers of the lighthouses, who were employed from the beginning of the work, who were charged with the keeping of the accounts, material and time of the men, made their return to the Department?—I presume they have made their returns to Mr. Gauvreau. It is not the custom of the Department for subordinate officers to correspond with the Department.

Ques. 981. Is Mr. Gauvreau's office a part of the Department?—It is not. Mr. Gauvreau is the same as any other out-door superintendent.

Ques. 982. The Board of Works did not then receive up to this time the return of those different overseers of these works? Is this so?—I have already stated that those foremen have not furnished any statement to the office. Their duty being to furnish such statements to their superior officer.

Ques. 983. Will you give the names of these foremen, the time they have been employed, their wages, and produce their accounts?—I must first examine the books. I presume I can furnish their accounts to-morrow.

(By Mr. Ferres.)

Ques. 984. Will you refer to the question at the end of the proceedings of the Committee of the 7th instant, which was left unanswered, and reply to it now. The question was as follows: Mr. Dubord has stated to this Committee that the £4,725 was paid by the Government to Mr. Baby for the loss of the steamer 'Doris.' Can you inform the Committee if that statement is correct?

—It is incorrect. No money whatever was paid by Government for the loss of the "Doris."

Ques. 985. Will you state the practice of the Department in sending documents to the Auditor for Audit?—The accounts of the Department are rendered quarterly to the Auditor, and it is the instructions to the book-keeper to furnish all vouchers.

Mr. Anderson was then called in and examined by *Mr. Hogan*.

Ques 986. You have stated in your evidence on the 24th ult., (*Ques. 652*), that in your opinion the sale of £500,000 sterling debentures was a very bad one, and if it had been properly looked after no such sale would have taken place; please explain to the Committee in what respect you conceive the sale was not properly looked after?—During the Fall of 1857, when I saw so large an amount of Debentures in the hands of the Provincial agents in London, unsold, and against which exchange had been drawn for Fifty Thousand Pounds more than the face of the Debentures, in anticipation of premium, and which exchange was fast maturing, I felt convinced that unless some active and energetic steps were taken by the Financial Ministers, that the English agents would be necessitated to sacrifice the Debentures they held so as to meet the acceptances which they were under on account of the Province; and I accordingly repeatedly urged upon *Mr. Morrison* the necessity that either *Mr. Cayley* or he should go to England to look after matters. *Mr. Morrison* acknowledged the necessity; stated that he had pointed the same out to *Mr. Cayley*, but that *Mr. Cayley* said he could not go but that *Mr. Morrison* had better go, but *Mr. Morrison* said he could not go in the then state of affairs in the Province. My firm conviction is, that had a properly authorised person gone to England at the period I refer to, that a temporary loan could have been effected on the Debentures so as to relieve the agents from their obligations, and the Debentures could have been held until the market for their sale improved, and that would have been but for a very short period, for from the very day of the sale, 4th December, they gradually rose in price in the English market, and on the 28th January, 1858, (the day before the last instalment of the sale fell due,) the agents quote the price at 12 premium, and this after the January dividend had been paid.

Ques. 987. What loss then do you conceive the Province sustained by the sale of the £500,000 referred to, and, as you say, by the matter not being properly looked after?—I conceive the loss to the Province to be from £50,000 to £60,000 sterling.

(By the *Chairman*.)

Ques. 988. How do you form your estimate of the loss?—The sale as it now stands shows a clear loss of $\frac{3}{4}$ per cent., and had the loan which I refer to been carried out, there is not a doubt that the debentures would have realised 10 per cent. premium, inasmuch as they were at 12 premium by the 29th January, 1858.

Ques. 989. At what rate do you think a loan of half a million could have been effected in London at that time?—I believe that *Mr. Peabody*, an American merchant resident in London, obtained a loan of one million at that crisis at seven per cent., but, even had ten been paid, it is evident that it would have been only for a couple of months, as after that period the debentures were at 12 premium.

Ques. 990. Was not the minimum Bank rate 10 per cent. during that crisis?—I believe not during the whole period.

Ques. 991. Can you state how you learnt the terms upon which Mr. Peabody obtained assistance?—From the English and American papers.

(By Mr. Hogan.)

Ques. 992. Do you not think it was the duty of the English agents to have endeavored to have effected the loan you refer to, instead of selling the Debentures at the low price they did?—In the absence of instructions of such a nature from this side of the water I do not think it was their duty; the market might have fallen even lower, and they then might have been censurable for not following their instructions to sell.

Ques. 993. Does it form part of the arrangement with Messrs. Baring and Glyn that they are to accept exchange against Debentures sent them for sale previous to their being sold?—It does not; and hence their justification in the sale of the £500,000 to relieve themselves from heavy obligations which they were under for the Province, not in their capacity as agents, and at a time when money was worth from 7 to 10 per cent. in England.

Ques. 994. What grounds have you to suppose that a temporary loan could have been effected in England on the £500,000 until the market improved?—One ground would be, that I know that Canadian Government securities stand high in the English market, and deservedly so too; and being aware that Mr. Peabody, an American merchant resident in London, obtained a loan of one million sterling from the Bank of England during the crisis of 1857, to relieve him from temporary embarrassment, I have no doubt but had this Province been properly represented in London at the time, that the loan in question could readily have been obtained.

Ques. 994. Have you read the evidence of the late Receiver General, Mr. Morrison, before this Committee?—I have.

Ques. 995. Is it the case as stated by Mr. Morrison, that you made the observation to him, that better arrangements might have been made relative to the sale of the £500,000 Debentures, only, after Mr. Morrison had returned from his Election in South Ontario, (in January,) and after further advices had been received showing a better market for our securities?—Such is not the case; the first time I spoke to Mr. Morrison of the sale, and expressed my regret at the same, was down at Whitby, where Mr. Morrison was at his election, and on the very day that I had written to Messrs. Glyn and Baring, acknowledging their letters of 4th December, advising of the sale of £500,000; it was quite unnecessary to wait for further advices advising of a better market, as the very letters which advised of the sale at 103 quoted the market price at 105 to 106.

Ques. 996. Have you observed from Mr. Morrison's evidence that in consequence of Messrs. Glyn having used the term "Net price to the credit of the Province 103—less commission and brokerage," in their letter of 4th December last, advising of the sale of £500,000; that he is under the impression that the five month's back interest was not given to the purchasers. Have you any reason to come to the same conclusion?—I could not possibly come to any such conclusion, and Mr. Morrison has, since giving his evidence, informed me that his private opinion is the same as mine, and he only gave his evidence as he did from Glyn's having used the word "Net," which *might* carry the construction he then put on it. There is not an officer in the Receiver General's Department, and I question if there is one in the Inspector General's, but has come to the same conclusion as regards the sale of the £500,000 that I have, viz: that the sale was actually at $\frac{1}{2}$ per cent. discount, and not 3 per cent. premium; and when Messrs. Glyne' and Barings' account to 30th ultimo come out, the fact will be clearly established. All I can further say is, that after thirteen

years' experience I never knew a sale in England of Provincial Debentures where the purchasers did not invariably get the accrued interest, and I cannot see why this case should be an exception, although I should be very glad if it were so, and that the Province should thus be saved £12,500 sterling.

Ques. 998. During the period that you were Deputy Receiver General, or that you were in charge of the detail of the Department, did you ever carry out any transaction of any magnitude, without in the first instance consulting, explaining and obtaining the consent of the Receiver General?—I never did, and in corroboration I can with every confidence refer to Colonel Taché with whom I served seven years, and also to his successors, Messrs. Morrison and Rosa.

Ques. 998. You have stated in your examination of 24th ultimo, that you had reason to believe that the Inspector General, Mr. Cayley, was in the habit of corresponding "privately" with the Provincial Agents relative to the affairs of the Province; what grounds had you for such belief?—In the first place I conceived it his duty as Finance Minister to do so. I do not think that all correspondence between the Financial Minister of this Province and the English Agents on monetary affairs should be open to all the Clerks of a public department; and I should conceive a Finance Minister would be remiss indeed in his duty who would allow such large monetary transactions as were in the hands of the English Agents in 1857 to pass without corresponding with them, and directing them as to the negotiations; but further, Mr. Morrison, late Receiver General, on several occasions informed me of matters connected with the English Agents and their negotiations—especially with reference to Grand Trunk matters previous to the receipt from the Post Office of the English Departmental Letters, and of some matters which were not contained in them, and which he Mr. Morrison stated he had learned from private letters Mr. Cayley had received; I am at a loss to understand what object there can be in denying such a correspondence, although I have not heard Mr. Cayley state that no such correspondence existed.

Ques. 999. Are you aware of £20,000 Consolidated Municipal Loan Fund Debentures having been paid to the Receiver General's Department on 1st September, at par, on account of the Sinking Fund of the Great Western Railroad Company? if so, please state the circumstances under which they were received.—Some time in the summer of 1857, I believe July, I was present in the Receiver General's room at part of an interview between Mr. Morrison and Mr. Brydges, the Managing Director of the Great Western Railway Company, when the matter was discussed as to the repayment by the Company to the Province of the £770,000 sterling loaned the Company under the Railway Guarantee Acts; the question was also raised as to why the Company had not paid in their "Sinking Fund," when Mr. Brydges remarked that they were dissatisfied with the manner in which the moneys heretofore paid in for the Sinking Fund had been invested by the Government, that they had lost several months' interest (I may remark that the investment of the Railway Sinking Fund moneys is by the statute the duty of the Inspector General), and Mr. Brydges observed that the Company held £20,000 Consolidated Municipal Loan Fund Debentures which they had received from the Galt and Guelph Railway Company, and which they held for the Sinking Fund, when it was suggested and agreed that they should be sent down to the Receiver General and to be taken at par, and in a subsequent conversation I had with the Receiver General, the matter was talked over, and, so far from any disadvantage being thought of in taking them at par, it was decided that the Government could exchange them for Debentures payable in England, and which would realise a premium. Mr. Brydges neglected to send down the Debentures for some time, and it was my letter to him of 26th August, 1857, written under the direction both of Mr. Morrison and Mr. Cayley, that caused

them to be sent down. Mr. Brydges delivered them to me in my office on 1st September, along with a letter of particulars from Mr. Stephens, the Secretary of the Company. There never was the slightest doubt or difficulty as to their being taken at par, and I cannot see how it could have been otherwise when the £25,000 Consolidated Municipal Loan Debts, previously at credit of their Sinking Fund, had been purchased by the Government with the Railway Company's money and charged to them at par, and there are other instances where the Receiver General took Municipal Loan Fund Debentures at par in payment without any order in Council.

Ques. 1000. When you received the £20,000 of Debentures on 1st September, 1857, from Mr. Brydges, what did you do with them, and what entries did you cause to be made in the books of the Receiver General's Department?—I acknowledged receipt of same by an official letter, which was duly copied in the Letter Book of the Department. I handed them to the Debenture Clerk to be counted and registered in the Register Book of the office, where they were duly entered under the special account of "Debentures Deposited in the Receiver General's Department for the Great Western Railway Sinking Fund," being the same account in which the £25,000 previously invested for the said Company were entered,—and the Debentures were then locked up in the Receiver General's vault, consequently, so far as I was concerned, I did my duty. A complaint has been made that these Debentures did not appear in the Ledger of the Receiver General's Office,—all I will say on this point is, that I made the necessary entries for the Bookkeeper to carry the matter to his Journal and Ledger, and if he did not, I am not responsible, and I look to Mr. Morrison and Mr. Ross to relieve me from all responsibility in so far as the Bookkeeper was concerned. On the 19th of January, according to Mr. Cayley and Mr. Langton's admission, the Inspector General's Department were aware of their being in the chest, and as the Public Accounts were not laid before Parliament until April, there was ample time for these Debentures to have been brought to account and shewn in the Public Accounts. The cash receipts for customs and other revenue, up I believe to the 20th January, 1858, and I believe beyond that period, were included in the Public Accounts for 1857; then why could not the £20,000 of Debentures have been included also?

Ques. 1001. Are you not aware that it was customary some years back to publish monthly or quarterly comparative statements of the Customs and Public Works' Revenue in the Official Gazette, and was not the same done by order of Parliament?—As far as my memory serves me such was the case.

Ques. 1002. Could not a monthly comparative statement of the said Revenues be easily made up from the books of the Receiver General's Department, that is of the current and previous year?—Yes; such a statement could be made without any trouble in an hour from the books of the Receiver General's Department.

Mr. James Bain, the book-keeper of the Board of Works, was in attendance, and examined by Mr. Dubord.

Ques. 1003. Is it your duty to examine the accounts fyled in the office?—It is.

Ques. 1004. How do you establish the fact of your having examined and checked an account?—By ticking the calculations opposite the figures and prices and initializing the account at its close.

Ques. 1005. Look at the accounts handed you, and state whether you have examined and checked them?—I joined the Department of Public Works on the 1st of February, 1857; the first account shown me is dated 1st July, 1856, and this account I did not examine. The second account, dated 6th October,

1857, is one of those that was missing. The account produced was received about the 22nd June. I have no recollection of ever having checked or examined either of those accounts. The third account, dated 21st January, 1857, is also one of the missing documents, or a copy of it. I do not remember to have seen or checked the original.

Ques. 1006. Look at the statement furnished me by yourself, as follows :

LIGHT-HOUSES BELOW QUEBEC.

Forteau	£18,324	5	8
Cap Rosier.....	17,269	13	6
Belle Isle.....	19,734	0	0
Anticosti	16,546	0	0
	<hr/>		
	71,873	19	2
Add 10 per cent.....	7,187	7	8
	<hr/>		
31st March, 1858.	£79,061	6	10

and explain the difference between the amount for the Anticosti Light-house, £16,546, and the amount of the account furnished by Mr. Gauvreau, £16,346 0s. 10d?—I could not tell the difference at the time because I had not the accounts referred to. The statement furnished Mr. Dubord is an extract from a journal entry made to debit light-houses below Quebec, with the amount standing against each light-house separately.

Ques. 1007. Is it the practice of the Department to pay accounts after their examination by you and the preparation of a certificate for a warrant, and did you do so in this case?—It is the practice of the Department. In the case of the last account the certificate was issued for the balance due on the light-houses, from a statement made out of the amount estimated.

Ques. 1008. Is it the practice to issue certificates of accounts without vouchers or particulars of amounts?—I do not know of any case.

The Committee adjourned until to-morrow, at 10 A. M.

SEVENTH REPORT
OF
THE COMMITTEE ON PUBLIC ACCOUNTS.

Your Committee beg leave to present to Your Honorable House the further proceedings and evidence taken by them during their sittings of the 14th July, 20th July, and of this day, the 21st July.

The whole nevertheless, humbly submitted.

A. T. GALT,
Chairman.

Committee Room, }
21st July, 1858. }

:
Wednesday, 14th July, 1858.

MEMBERS PRESENT :

MR. DUBORD,
MR. FOLEY,
MR. HOGAN,
MR. WHITE,
MR. SOMERVILLE,
MR. FERRES,
MR. LE BOUTILLIER,
MR. CHAPAIS,
MR. SIMARD, and
MR. JOHN CAMERON.

Mr. *Foley* was called to the Chair.

Mr *Fiset* was called in and examined.

(By Mr. *Dubord*.)

Ques. 1009. In June, 1857, were you not a Clerk in the Board of Works Department?—Yes.

Ques. 1010. Were you not discharged, and say for what?—I was discharged by Mr. Begly. Mr. Begly had given me orders to make a list of missing vouchers, some for Mr. Baby's accounts, and various others. When the list was completed I put it on Mr. Begly's table for inspection. The list was mixed up by Mr. Begly with other accounts and sent to the Auditor. The Auditor sent a letter to the Commissioner, Mr. Lemieux, wishing to know why such a list had been sent incomplete, and why it was, and how it was that so many vouchers were missing, and what had become of them. Mr. Lemieux sent for Mr. Begly, and asked him the meaning of it. Mr. Begly returned an answer that it was my fault, that I had sent that list to the Auditor myself. Two or three days after Mr. Begly gave me notice that my services were no longer wanted, and he gave for a reason, that I had taken upon myself to send that list to the Auditor instead of himself. I was only an extra clerk in the office and I had no authority whatever to send papers out of the office, and I did not send them myself. Further, I saw Mr. Begly put this list amongst the quarter's accounts, and I was accused for it. I told Mr. Begly that I was not guilty, and when I asked Mr. Lemieux for an explanation he referred me to Mr. Begly, stating that he had nothing to do with it. I consider that I was maliciously put out of the office for a fault I was not guilty of. I was fourteen months clerk in the office, and before that I was on the Boundary Survey with Mr. Joseph Bouchette for three years, and I can furnish the best of testimonials as to my abilities and good conduct from all those with whom I have served, and further, no complaint was ever made against me whilst I was in the office.

(By Mr. *Foley*.)

Ques. 1011. Do you know anything about the missing papers?—I saw many connected with Mr. Baby's affairs, such as contracts, bills for transporting provisions, and several other papers, mixed up with documents of other description, lying on Mr. Begly's table and about his room for a couple of months together, and when any document was wanted, it was sometimes a couple of days before

it could be found. Mr. Hamel and myself were generally the persons who searched for them.

Mr. *Begly* was called in, and his examination continued by Mr. *Dubord*.

Ques. 1012. Will you refer to question 984 about the sum paid for steamer *Doris*; look at this account current, 1856, September 22, and how do you account for this entry being different to the others of the same nature?—I presume it was for some special service, but not to pay for the loss of the vessel. This account is made out by the book-keeper, and not by me. I do not interfere with him in making his statements.

(By Mr. *White*.)

Ques. 1013. Could you give the details of the item, "Light-house steamer *Doris*," 22nd September, 1856, amounting to £4,125?—I shall furnish it.

Ques. 1014. Also look at the account current of 1857, June 16th, which is in following terms, "Balance on *Doris*" £600; can you say for what service that sum was paid?—I shall examine the book and furnish details.

Ques. 1015. Can you produce all the details and items for service rendered by the steamers belonging to Mr. *Baby*, which were employed since Mr. *Baby* got into Government employ?—I presume they are in the office, in the custody of the book-keeper. I shall endeavor to have them furnished.

Ques. 1016. How long did you occupy the house of Mr. *Baby*, referred to in your evidence of yesterday—when did you leave it?—I occupied it about six months.

(By Mr. *Dubord*.)

Ques. 1017. Yesterday you promised to send the list of the names of the foremen, the time they have been employed, and their wages. When can you give it?—So soon as it will be made out.

Ques. 1018. Are you aware that a Mr. *Reid* made contracts for erection of a wharf or piers at *Lachine* by contract?—There was a Mr. *Henry Y. Reid* who contracted.

Ques. 1019. Was that contract given by tender?—I shall examine and give the information.

Ques. 1020. Will you produce before the Committee the copy of the contract as well as the original estimate?—I shall have it looked up and produce it.

Ques. 1021. Do you know what amount was paid for the work, and for extra works, and were these extras sanctioned by the engineer, and who was the engineer?—I cannot say whether there was extra work until I examine; such matters are not arranged by me. The engineer is *J. G. Sipple*.

Ques. 1022. When an engineer makes a report, is it referred to the Engineer in Chief before it is acted upon?—It depends on the nature of it. The Commissioners order it to be referred or not, as they see the necessity for it.

Ques. 1023. Who are the securities for Mr. *Reid*, and is it not generally understood that *J. M. Ferres, Esq., M.P.P.*, has an interest in the said contracts or works, and is he not the gentleman who settled the affairs in connection with this work?—I shall give the names of the securities on examining the contracts. I am not aware that Mr. *Ferres* has any interest in the matter.

Ques. 1024. Can you produce Mr. *Reid's* account current up to this date?—The book-keeper can make it out, and it will be produced.

(By Mr. *Foley*.)

Ques. 1025. Have you any remarks to make on the evidence of Mr. *Fiset*, read to you?—I consider the evidence totally incorrect. I shall endeavour to prove

so by documents. Mr. Fiset, I believe, has a feeling in the matter on account of his father having placed the public money entrusted to him at interest, and drawing the interest, which he was obliged to refund at my instance.

Ques. 1026. What money was intrusted to Mr. Fiset, the father?—He acted as Paymaster for the Department for works in the neighbourhood of Quebec, and the money for those works passed through his hands. I recommended, from some information I obtained in Quebec in the latter part of 1857, that Mr. Bain, our book-keeper, should be sent down to investigate the matter, which was done, and it has turned out as I have already stated.

Ques. 1027. You were asked to make any remarks you had to offer in explanation of Mr. Fiset's, the witness', evidence read to you, not as to the conduct of his father. In your answer you refer to the conduct of the father. What has that to do with the evidence given by the witness?—From the incorrectness of Mr. Fiset's evidence, I considered he must have been biassed, and I wish to show in what manner.

Ques. 1028. When did you say the Book-keeper examined Mr. O. L. Fiset's account in Quebec?—I will give the date on examining the Documents of the Office.

Ques. 1029. Was it before or after Mr. Fiset's dismissal?—It was before.

(By Mr. *Foley.*)

Ques. 1030. When was it first discovered that Mr. Fiset had been in the habit of placing public monies in his hands at interest, and was he immediately discharged? Is it a rule of the Public Departments that persons in their employ who receive interest on public monies subject themselves to be discharged?—I will refer to documents before answering. I believe it was on Mr. Bain's examination that it was discovered. I do not believe any instance of the kind has occurred in the Department to which I belong. I cannot speak as to other Departments.

Ques. 1031. Do you think it right to apply that rule so rigidly as has been done in the case of Mr. Fiset, while persons in superior situations are allowed to escape?—I have never formed any opinion in the matter.

Mr. *Cameron* protested against the question being put to witness. Mr. *White* dissenting.

(By Mr. *Dubord.*)

Ques. 1032. Was the money deposited in Mr. Fiset's own name; and at what Bank?—I shall answer on making an examination.

(By Mr. *Simard.*)

Ques. 1033. Will you please state when Mr. Fiset, sen., was dismissed, what amount was appropriated by him and was refunded afterwards to the Government.—I cannot state as to the time the interest was refunded; it was deducted from a balance of salary due to him.

(By Mr. *Hogan.*)

Ques. 1034. You stated, in your examination on the 7th day of the present month, that a Mr. Creed, a Superintendent, had been dismissed for having been induced by Mr. James Cotton to give him a fraudulent progress estimate for work done at Port Stanley Harbor; has Mr. Cotton done any work for your department since?—I am not aware. I will examine. I cannot state positively.

Ques. 1035. Did you ever know of any Superintendent being dismissed for giving Mr. Baby a fraudulent estimate?—Not that I am aware of.

Ques. 1036. Did you ever know of a Superintendent being removed for not giving Mr. Baby over estimates, or such estimates as the Superintendent could not conscientiously give?—Such never came to my knowledge.

Ques. 1037. In settling up the accounts for the different light-houses erected in the Lower St. Lawrence, and the piers built by Mr. Baby, was there any thing ever referred to arbitration; or were Mr. Gauvreau's estimates always satisfactory to Mr. Baby?—I do not know that there has been any arbitration. I have heard that he intends to claim further remuneration for the light-houses.

Ques. 1038. Were you acquainted with a Mr. McDonald, who was engineer on the Temiscouata road; was he removed from his charge of that road. If so, for what cause?—I knew Mr. McDonald for many years, latterly, on that road; he had been in very bad health, quite unable to attend to his duties. He was ordered up to Toronto, and it was not considered necessary to send any other person to replace him. There was another Superintendent removed at the same time.

Ques. 1039. Was it at his own request he was removed?—I do not think it was.

Ques. 1040. Was it not contrary to his wishes he was removed?—I could not say until I examine the correspondence.

(By Mr. Somerville.)

Ques. 1041. In the account produced, a balance of some £18,000 appear to be due by Mr. Baby, how is it that he was overpaid that amount?—Mr. Baby got an advance to assist him in building the iron tug steamers, in the same manner as Mr. Allan has, on the condition of his giving a mortgage on the vessels.

Mr. Simard was then examined.

(By Mr. Dubord.)

Ques. 1042. Please state what you know relative to Mr. Fiset, senior's, account with the Government to which Mr. Begly has reference, and the circumstances connected with his (Fiset's) dismissal?—I am a director of the "*Caisse d'Economie Notre Dame de Québec*;" I remember that about one year ago, François Vézina, the Secretary-Treasurer of the said Bank, as well as myself, begged of Mr. Fiset to make his deposits at our Bank, knowing that he was acting as paymaster for the Government for the works then going on below Quebec. Mr. Fiset deposited about £2,000 at said Bank, which were gradually withdrawn a few months after. Subsequently Mr. Fiset informed me that he had been blamed for having deposited moneys at the saving's bank, and that he had refunded to Government the amount of interest allowed. I will remark that the interest due to depositors is generally balanced once every twelve months.

The Committee then adjourned until to-morrow at ten o'clock, A.M

Tuesday, 20th July, 1858.

MEMBERS PRESENT :

MR. SOMERVILLE,
MR. HOGAN,
MR. WHITE,
MR. MATTICE,
MR. FERRES, and
MR. FOLEY.

Messrs. R. A. Harrison, Begley, John P. Wheeler, Archibald Cameron, Herod Noble, Stock, and Lane, were in attendance.

There being no quorum at eleven o'clock, the Committee adjourned until to-morrow morning at ten o'clock precisely.

Wednesday, 21st July, 1858.

MEMBERS PRESENT :

MR. BUCHANAN,
MR. BROWN,
MR. SOMERVILLE,
MR. MATTICE,
MR. HOGAN,
MR. STARNES,
MR. FOLEY,
MR. LE BOUTILLIER,
MR. HOWLAND,
MR. WHITE,
MR. FERRES, and
MR. BROWN.

Mr. *Hogan* was called to the chair.

Messieurs *Begley, Cameron, Stock, Lane, Lea,* and *Noble*, were in attendance.

Mr. *Begley* handed in his written answers to some of the questions which were left unanswered at the meeting of the Committee on the 14th July instant. They are as follows :—

In further reference to the question put to me, in my examination of the 14th instant, namely: "Have you any remarks to make on the evidence of Mr. Fiset, read to you?" I wish to say that I have known Mr. Oliver Fiset for many years and that I believe him to be a very honest man, and although his taking the interest on the Government moneys was a matter which could not be overlooked by the Department, I do not believe that Mr. Fiset considered that in taking the moneys he was doing a wrong.

From the incorrectness of Mr. Fiset's evidence, and from the *animus* which he has therein exhibited towards me, I thought it necessary to show to the Committee that he was prompted by some other motive than that which he gave for the unkind feeling he expressed towards me, otherwise I should not have made mention of his father's name.

With regard to Mr. Fiset's evidence, I have made the necessary inquiry.

Mr. Fiset has stated that he was in the Department in June, 1857. He was not in, or in any way connected with the Department of Public Works at that period.

Mr. Fiset's statement relative to the missing vouchers is altogether untrue. I now produce the Letter Book to shew that it is so. See Letter No. 20797, dated 9th February, 1857, addressed to the auditor of Public Accounts. The statements therein referred to (two in number) are in Mr. Fiset's own handwriting. I produce one of them. I could not find the other. They refer to the accounts for the half year ending 30th June, 1855, and the half year ending 31st December of the same year, as shewn by Mr. Langton's letters now produced, Nos. 28817 and 29105. They are half-yearly accounts, and not quarterly, as mis-stated by Mr. Fiset.

Mr. Fiset states that when the missing documents were found in the Audit Office, which was in the beginning of February, 1857, as already shewn by the letter dated 9th of that month, he was maliciously discharged by me two or three days after; whereas he was not discharged until nearly four months after, and to show how untrue his statement is, I now produce his receipt, dated 23rd May, 1857, in his own handwriting, for his pay up to the 31st of that month inclusive. I file a true copy thereof.

With regard to the malice which he states I bore towards him, it is only necessary to state that Mr. Fiset was a temporary clerk, whose tenure of office was from day to day, and that although he quitted the office on or about the 23rd May he received his pay up to the 31st of that month.

On motion of Mr. *Foley*, it was

Ordered, That the Minutes of the 14th July instant be printed.

Archibald Cameron called in and examined :

(By Mr. *Howland*)

Ques. 1043. Are you acquainted with that portion of York roads, called the Lake Shore Road?—Yes, I live in Etobicoke.

Ques. 1044. How long have you known said road?—Thirteen years.

Ques. 1045. In what condition was said road and bridges in September, 1850?—The road was very good, the bridges tolerable, except a part which had been injured by ice in the spring, but afterwards repaired.

Ques. 1046. What has been the general state of repair in which said road has been kept since that time?—The road has been kept in very bad repair.

Ques. 1047. What is the present condition of said road?—Quite impassable, a considerable portion completely swept away.

Ques. 1048. What is the condition of the bridges on said road?—They are all impassable, and the principal bridge over the Humber is a total wreck.

Ques. 1049. Are said bridges dangerous?—Not passable at all.

Ques. 1050. Are any repairs being done on this road or bridge?—None except what has been done by the public; the public, from time to time, placed planks on the bridge and repaired one end of it.

Ques. 1051. Do you or others sustain any damage by said road being out of

repair?---Almost total ruin to a great many, and myself for one, and perfect ruin to some, and completely to the Hamilton and Toronto Lake Shore Road Company, as a company.

Ques. 1052. Have you any knowledge of the amount of revenue derived by the York Road Company from this road?---I have no positive knowledge, but by the knowledge I have of the revenue of the plank road, it may be about six hundred pounds; all the trade running through our plank road must pass on Toronto Roads Company's road, beside all the other trade from the Humber towards the city over and above what passes on our road.

(By Mr. Ferres.)

Ques. 1053. Does the Committee understand that the road of the York Roads Company extends only to the west end of the Humber Bridge, and that another Company owns the plank road beyond?---It extends to about sixty or seventy yards beyond the west end of the Humber Bridge, and the other part of the road is owned by the Hamilton and York Lake Shore Road Company.

Ques. 1054. Was there a bridge over the Humber in 1850?---Yes.

Ques. 1055. Is there any toll collected on the Lake Shore Road by the Toronto Roads Company; and if not when did it cease?---They do not collect any at present; I think they ceased to take toll about five months since, and they placed placards on the bridge stating that any person crossing the bridge, would do so at their own risk, for the Toronto Road Company would not be responsible for any damage that might occur.

(By Mr. Foley.)

Ques. 1056. You say the probable revenue of this road is from £500 to £600 a year. How can that be when no toll is charged?---It was at that rate till the Bridge was damaged by the freshet last spring.

By Mr. Ferres.)

Ques. 1057. Was there as much tolls collected by the York Roads Company on their portion, as by the other Company on theirs?---Their tolls were less, but they have more traffic. I should think the revenue about equal.

Ques. 1058. What is the length of the York Roads Company's portion of road, and is there not about a mile and a half of that continually liable to be washed away?---Their portion is about three miles long. I think that at the present time there are about three quarters of a mile liable to be washed away and dangerous.

Ques. 1059. What, in your opinion, would it cost to protect all the portion so liable to be washed away?---I could not give a satisfactory answer.

Ques. 1060. Would it not require crib work like the Toronto Esplanade?---My opinion is that as it is shifting sand, that posts driven to stand, say four feet above the level of the water, and timber stretched from post to post and planked across, would make a cheaper and safer road than crib work.

1061. Would there be toll sufficient collected on the three miles to pay for the expense of such a work as you now mention?---I think there would.

(By Mr. Foley.)

Ques. 1062. Can you say what amount of money the York Roads Company have expended annually in keeping this road in repair? Did the expenditure exceed the receipts?---I do not think that the money provided for repairs amounted to one sixth of the receipts.

(By Mr. Hogan.)

Ques. Are you aware of any accidents having occurred on the road in question on account of its imperfect condition, and also on account of the dilapidated state of the Humber bridge?—I am not aware of any serious accidents having happened, but I have heard of a number of minor accidents such as waggons being broken, upset, and delayed, and the public are in a continual terror from the dilapidated state of the bridge.

Ques. 1064. Is the revenue on the road west of the Humber bridge seriously affected by the bad condition of the portion of the road in the hands of the York Roads Company?—I may say that it is totally ruined. I had a letter yesterday from the Clerk and Treasurer stating that their revenue would barely pay the collection.

Ques. 1065. What was the revenue of the road west of the Humber, before the portion east of the Bridge became in such bad condition?—It averaged for the last five years from £500 to £600. I speak from memory.

Ques. 1066. Is the produce of the mills and farms on the Dundas street and adjacent country conveyed to Toronto over the road in question; and what effect has its bad condition on the farming and milling interests of that section of country?—I am not aware that it affects any mills in our quarter, that is the Lake Shore, but it is very injurious to farmers.

(By Mr. Foley.)

Ques. 1067. Do you think that there should now be in the hands of the Company money sufficient, derived from the road, to put it in thorough repair?—I think so.

(By Mr. Howland.)

Ques. 1068. Is Dundas road a part of the York roads and of the Toronto Road Company?—I have always understood so.

Ques. 1069. What is the state of the bridge over the Humber on the Dundas road?—It seems as if it will tumble down very soon. I passed it on Sunday last, and I trembled when I passed over it. It is in a perilous state.

Ques. 1070. Is any repair being made to it?—None that I know of lately.

Ques. 1071. Do the Lake shore and Dundas roads run parallel with each other, and if yes, within what distance?—They do; but I cannot tell the distance. The roads are from three to five miles apart.

(By Mr. Foley.)

Ques. 1072. Then in point of fact, when the Lake Shore road is out of repair people are obliged to travel on the Dundas road, so that the revenue of the York Road Company is kept up, or rather increased, while the public is inconvenienced, and the roads of private Companies connecting with the Lake Shore damaged. Is that the case?—Yes; that is the case.

(By Mr. Howland.)

Ques. 1073. If the bridge on the Dundas road was impassable, would it not stop all intercourse with the City from the west, except by rail or by going north to Weston?—There would be no other way of coming to the City.

(By Mr. Ferres.)

Ques. 1074. Are you a shareholder or director in any plank or gravel road

leading into Toronto?—I am a shareholder and director in the Hamilton and Toronto Lake Shore Road Company.

Ques. 1075. What is the state of that road? and what is the average dividend declared for the last five years?—The road is in good order, with the exception of about 200 yards, which the Lake has considerably injured; but we are driving piles all along the front of the road and filling up. There has never been a dividend declared. It has been principally built on credit, and we have paid up interest and stock till we are nearly cleared; had the stock been all paid up, it would have yielded an excellent dividend.

Ques. 1076. In what year was the road built?—In 1852.

Mr. Stock examined.

(By *Mr. Hogan.*)

Ques. 1077. Have you heard the evidence of Mr. Archibald Cameron, and do you corroborate what he has said in relation to the York Roads. If not, in what respects do you differ with him. Or have you anything to add to his testimony?—I confirm all the evidence given by Mr. Cameron in respect to the York Roads and in regard of the revenue derived from them. But I wish to add, that there are about forty rods of the Lake Shore Road that has never been either planked or macadamised, and on which tolls have been collected. I am aware of accidents having occurred at the end of the bridge in consequence of its having fallen down with a vehicle on it. There was no other very serious accident that I am aware of. Mr. Gamble and myself called on Mr. Beaty last fall and told him that we would indict the road before a Grand Jury if he did not repair it. He then promised that if we would not get the road indicted that he would repair it and the bridge immediately. He has never fulfilled his promise. The state of the road causes a serious depreciation of the value of property as far west as the Credit, and even further. It causes great damage to myself and to all the inhabitants who are obliged to use the road.

(By *Mr. Foley.*)

Ques. 1078. Is it to the pecuniary advantage of the Toronto Road Company to keep the Lake Shore Road out of repair?—It is a great advantage to them, because they collect more tolls and there is less expense for collecting them, inasmuch as it compels people to travel on the Dundas Road, which belongs to the same Company, and upon which a higher rate of toll is charged and a greater distance to travel to reach Toronto. I wish to add, that the damage is increased by the people living on the Lake Shore Road having to pass over about four miles of a mud road to get to Dundas Road, which makes in coming to and going from Toronto an additional distance of eight or nine miles besides additional toll. In the fall and spring the cross road is nearly impassible.

Mr. Noble was examined.

(By *Mr. Hogan.*)

Ques. 1079. Have you heard the evidence of Mr. Archibald Cameron, and do you corroborate what he has said in relation to the York Roads? If not, in what respects do you differ with him; or have you anything to add to his testimony?—I corroborate Mr. Cameron's testimony with respect to the state of the Lake Shore Road and the revenue derived therefrom. I have resided in the neighborhood of that road 35 years. With regard to accidents on the road on account of its bad condition, I wish to say that my wife recently nearly lost her

life by my horse becoming unmanageable from the annoyance caused by the bad state of the road. I could not hold him in, and he ran off the road, and my wife, my daughter and myself were thrown out of the buggy. I wish to add to Mr. Cameron's evidence with reference to the Humber bridge, that a part of it was carried away in 1850; with that exception the road was then in good order. With respect to the road being kept in repair since the Toronto Road Company have had it, I wish to state that it has been uniformly very much neglected, and it has gradually been getting worse for about four years, when it could with difficulty be travelled, and this year it is impassable; and this was wholly by the neglect of Mr. Beaty, as the road could have been kept in repair at little expense. So far as my personal interests are concerned, the state of the road affects me most seriously. I have contracts for the delivery of wood in Toronto, which I cannot fulfil, and which may subject me to serious damages. The road, in my opinion, might be repaired at the rate of £5 per rod, for the mile where the washing takes place, and where the chief difficulty exists. This £5 a rod would be for making a permanent protection against the lake washing, and the number of rods requiring protection would be 300. This £5 a rod does not include macadamising, planking or grading.

Mr. Ellis examined.

Ques. 1080. Have you heard the evidence of Mr. Archibald Cameron, and do you corroborate what he has said in relation to the York Roads? If not, in what respects do you differ with him; or have you anything to add to his testimony?—I have heard the testimony of the three preceding witnesses, and I confirm in every particular what they state. So far as I am personally concerned, I may remark that, on account of the destruction of the road, I have no access whatever to my property except by trespassing on the railway. I have two contracts in town, which I have been obliged to break, not being able to fulfil them on account of the condition of the road. I have seen as many as a dozen accidents arising from the impassable condition of the road, and several have occurred to myself and family.

Mr. William Lee, Township Councillor, examined.

Ques. 1081. Were you aware of the condition of that portion of the York Roads known as the Yonge Street Road, when the York Roads Company purchased them from the Government; if so, what was the condition of the Yonge Street Road at that time?—I was acquainted with that portion of the York Roads when the Government sold them to the York Road Company. The Road at that time was good.

Ques. 1082. Since the Yonge Street Road has been in the hands of the York Roads Company, has it been kept in good repair; if not, at what times was it out of repair?—The road has been gradually getting out of repair since it has been in the hands of the Company, and within last year it has become impassable for loaded teams. I have at different times last spring seen teams stick fast, and the loads were light. From the traffic on the road the injury to the public must have been very great. I could not say to what extent. The road was in the bad state I describe for eight or ten weeks during last spring. When the travel on the road was greatly diminished, because people could not travel with safety, and no one travelled the road except from sheer necessity.

Ques. 1083. What revenue has been derived from the road for the last two years; and is it your opinion that it is equal to the revenue derived from it when the Company bought it from the Government?—I am not able to answer as to the revenue of the road now. To the latter part of the question I think the rev-

enue is greater than when the roads were purchased from Government. The reasons for this are that there is quite as much travel on the road, and the tolls are much higher. I used to pay, when the roads were in the hands of the Government, I think, fourpence for a team, and now I pay tenpence.

Ques. 1084. During the time the road was nearly impassable, last spring, was there toll charged on it?—Yes; all the time.

Ques. 1085. What was the cause of the road getting into such bad repair? Was it for want of metal put upon it, and general neglect?—It was for want of metal, and general neglect. The metal is completely worn out. So far as I know road there is no sufficient stock of stone put upon the road by the Company to repair it.

Ques. 1086. Is it your opinion, if the road was in the hands of the Municipalities, it could be kept in good repair for the present tolls, and yield at the same time a sinking fund to pay for the road itself in time?—Yes, it is my opinion, if the roads were in as good condition as when the Company got them.

Ques. 1087. Have you ever known the road indicted for being impassable?—There was a requisition sent to Judge Harrison last spring for that purpose, and the Township Council are taking action in the matter.

Mr. Lane was then examined :

Ques. 1088. Have you heard the testimony of Mr. Lee, and do you corroborate what he says about the Yonge street road, its revenue and condition; and have you anything to add to his testimony?—Yes, I think he is very correct as to the state of the road and the revenue derived from it. I consider Mr. Lee's testimony full and fair, and I have nothing to add to it.

Mr. Cotton was then examined :

(By Mr. White.)

Ques. 1089. Were you a contractor for work done at Port Stanley in the years 1856 and 1857?—Yes.

Ques. 1090. Who was Government superintendent on the works?—Mr. Hale, Mr. Lane, and Mr. Creed.

Ques. 1091. Did you sublet any part of the work, and if so, what part, to whom, and when?—I sublet nearly all the work—to Richard Read, Alfred Payne, and Emery Houghton, when I first undertook it.

Ques. 1092. How did you keep an account of the work done?—The sub-contractor and superintendent kept a check on each other.

Ques. 1093. Did you obtain at any time progress Estimates for work done to the amount of £800 or thereabout from a person named Creed, superintendent on the part of the Government, and if so, were such estimates paid; and if not, why not?—I never heard of such an estimate until I heard of its coming before the Committee of Public Accounts.

Ques. 1094. Had you any thing to do with the making out of the Estimates?—Nothing whatever: they were generally made out by Mr. Page from the returns made out by the superintendent in charge.

Ques. 1095. Have you seen a letter purporting to be written by Mr. Creed, containing a charge against you to the effect that you had duped him in making the estimate referred to?—I saw the letter first about ten days ago in the newspapers in Goderich; it never was communicated to me by the Department of Public Works.

Ques. 1096. Have you transacted business with the Department of Public Works since that period?—Yes, I have up to the present time.

Ques. 1097. Are you now doing any work for the Government?—Yes, I am.

(By Mr. *Foley*.)

Ques. 1098. Do you mean to say that it never was intimated to you by the Department of Public Works, or any of its officers, that a letter had been written by the Superintendent, implicating you in a charge of conspiring to obtain fraudulent estimates on your contract for the work on the Port Stanley Harbour?—*Ans.* It never was intimated to me in any way, and I remained ignorant of it until I saw it in the newspapers.

(By Mr. *Hogan*.)

Ques. 1099. What work are you doing now for the Board of Works? And if you are doing any, was it given to you as the lowest tenderer, after the work was advertised?—*Ans.* I am raising some vessels in the Port Stanley Harbour; I am not aware that the work was advertised; but on account of the vessels obstructing the harbour, I was willing to do the work for a much less price than others, as my property was greatly injured by the obstruction.

On motion of Mr. *White*, it was

Ordered, That Dr. Ryerson be heard on the subject of interest received by him arising from public monies in his hands from time to time, on which evidence has been received by this Committee.

The Committee then adjourned until Tuesday next, at 10 o'clock, A. M.

Tuesday, 27th July, 1858.

PRESENT :

MR. HOGAN,
MR. FOLEY,
MR. WHITE,
MR. MATTICE,
MR. FERRES, and
MR. SOMERVILLE.

There being no quorum, the Committee adjourned until to-morrow, at 10 A. M.

Wednesday, 28th July, 1858.

MEMBERS PRESENT :

MR. HOGAN,
MR. FERRES,
MR. WHITE, and
MR. SOMERVILLE.

Mr. *Begley* and Mr. *Beaty* were in attendance.

There being no quorum, the Committee adjourned to the call of the Chair.

APPENDIX A.

DOCUMENTS referred to in answer to Question 902, of the foregoing Proceedings, (*Tuesday, 6th July, 1858.*)

STATEMENT of expenses incurred by the contractor, F. Baby, Esquire, in constructing the Light House at Belle Isle, from 20th July, 1854, to 30th July, 1856.

Expended in 1854, from 20th July to 1st November.		Prices.	£ s. d.	£ s. d.
		£ s. d.	£ s. d.	£ s. d.
2 Conductors		1 0 0	2 0 0	
7 Workmen		0 15 0	5 5 0	
26 Laborers		0 10 0	13 0 0	
4 Horses		0 10 0	2 0 0	
Daily expenditure			22 5 0	
88 days, from 20th July to 1st November, 1854	22 5 0	1958 0 0		
6 cargoes of schooner	80 10 0	483 0 0		
Expenses incurred in 1854, materials excepted				2441 0 0
Expenses incurred in 1855, from 12th May to 1st November.				
2 Conductors		1 0 0	2 0 0	
7 Workmen		0 15 0	5 5 0	
26 Laborers		0 10 0	13 0 0	
4 Horses		0 10 0	2 0 0	
Daily expenditure			22 5 0	
146 days, from 12th May to 1st November, 1855	22 5 0	3248 10 0		
7 cargoes of schooner	80 10 0	563 10 0		
Expenses incurred in 1855, from 21st May to 1st November ..				3812 0 0
Expended from 1st November to 30th June, 1856.				
1 Conductor		1 0 0	1 0 0	
8 Workmen		0 15 0	6 0 0	
11 Laborers		0 10 0	5 10 0	
4 Horses		0 10 0	2 0 0	
Daily expenditure			14 10 0	
208 days, from 1st November, 1855, to 30th June, 1856 . . .	14 10 0	3016 0 0		
4 cargoes of schooner	80 10 0	322 0 0		
Expenses incurred from 1st November, 1855, to 30th June, 1856				3338 0 0
Forward				9691 0 0

STATEMENT of materials despatched from Quebec for the Light House at Belleisle,
with their prices, in that city.

	Price.					
	£	s.	d.	£	s.	d.
Forward, for wages of workmen and for schooners.....						9591 0 0
1000 Barrels of cement.....	0	12	6	622	0	0
68000 Fire bricks.....	9	0	0	612	0	0
900 Superficial feet of cut stone.....	0	6	0	270	0	0
800 Feet of cedar for sleepers.....	0	1	8	50	0	0
2800 Feet of pine for frame.....	0	0	6	70	0	0
250 1½ inch planks for roofing.....	5	0	0	12	10	0
20300 Shingles.....	0	12	6	10	10	0
250 Boards for deafening.....	2	0	0	5	0	0
250 1½ inch planks for flooring.....	6	0	0	15	0	0
200 Scantling, for partitions.....	8	0	0	6	0	0
250 Pieces of battening.....	0	15	0	1	17	6
10000 Laths.....	0	6	0	8	0	0
200 Boards for lining attics.....	8	0	0	6	0	0
50 Do do kitchen.....	8	0	0	1	10	0
75 1½ inch planks, dressed, tongued & grooved, for partitions.....	7	0	0	5	5	0
50 1 inch Boards for skirting.....	5	0	0	2	10	0
2 Hearth stones.....	1	0	0	2	0	0
4 Single pipe holes.....	0	5	0	1	0	0
4 Double pipe holes.....	0	7	6	1	10	0
150 Planks of 12 x 11 x 1½ for stairs.....	8	0	0	12	0	0
12 Double Windows, glazed and painted.....	5	0	0	60	0	0
10 Room doors.....	2	10	0	25	0	0
4 Trap doors.....	1	10	0	6	0	0
4 Pairs of windows for the tower.....	1	0	0	4	0	0
1 Door for the tower.....	2	0	0	2	0	0
200 Planks of 12 x 9 x 2 for flooring.....	7	0	0	14	0	0
1 Sink lined with lead.....	7	10	0	7	10	0
2 Chimney caps.....	2	0	0	4	0	0
2 Entry doors for keeper's house.....	2	0	0	4	0	0
Blocks and tackle, &c. &c.....				100	0	0
2 Windlasses, with chains, &c. &c.....				50	0	0
1000 Boards for temporary buildings.....	8	0	0	30	0	0
1000 Planks scaffolding.....	2	0	0	10	0	0
2 Boats.....				16	0	0
Blacksmith's tools.....				35	0	0
6 Barrels of nails.....	2	10	0	15	0	0
50 Cwt. of iron for blasting.....	0	15	0	37	10	0
1,700 lbs. of Blasting powder.....	0	10	0	70	16	8
Steel.....				20	0	0
Slow-match (<i>ratelle</i>).....				10	0	0
Total for materials sent from Quebec.....						2245 8 6
Grand total.....						11836 8 6

Humbly submitted.

(Signed,) P. GAUVREAU.

Quebec, 1st July, 1856.

No. 2.

STATEMENT of expenses incurred by the contractor, F. Baby, Esquire, in constructing the Light House at Belle Isle from the 30th July to 23rd November, 1856.

Expenditure from 30th June to 31st August, 1856.		Prices.	£ s. d.	£ s. d.
		£ s. d.		£ s. d.
1 Conductor.....	20 0	1 0 0		
16 Workmen.....	15 0	12 0 0		
17 Laborers.....	10 0	8 10 0		
6 Horses.....	10 0	3 0 0		
2 Schooners at \$10 per day for conveying sand.....		5 0 0		
Daily expenditure.....		29 10 0		
57 days, from 1st July to 31st August, 1856.....	29 10 0	1681 10 0		
1 cargo of a schooner.....	80 10 0	80 10 0		
Expenses incurred from 30th June to 31st August, 1856.				
Materials excepted.....				1762 0 0
Expenditure from 31st August to 10th October, 1856.				
1 Conductor.....	20 0	1 0 0		
14 Workmen.....	15 0	10 10 0		
17 Laborers.....	10 0	8 10 0		
6 Horses.....	10 0	3 0 0		
2 Schooners at \$10 per day for conveying sand.....		5 0 0		
Daily expenditure.....		28 0 0		
25 days from 31st August to 10th October, 1856.....	28 0 0	980 0 0		
Expenses incurred from 31st August to 10th October, 1856...				980 0 0
Expenditure from 10th October to 14th November, 1856.				
1 Conductor.....	20 0	1 0 0		
14 Workmen.....	15 0	10 10 0		
17 Laborers.....	10 0	8 10 0		
4 Horses.....	10 0	2 0 0		
1 Schooner.....		2 0 0		
Daily expenditure.....		24 0 0		
29 days from 10th October to 14th November, 1856.....	24 0 0	696 0 0		
Expenses incurred from 10th October to 14th November, 1856.				696 0 0
Expenditure from 14th to 23rd November, 1856.				
1 Conductor.....	20 0	1 0 0		
14 Workmen.....	15 0	10 10 0		
16 Laborers.....	10 0	8 0 0		
Daily expenditure.....		19 10 0		
7 days from 14th to 23rd November, 1856.....	19 10 0	136 10 0		
Expenses incurred from 14th to 23rd November, 1856.....				136 10 0
Carried forward.....				8574 10 0

STATEMENT of materials dispatched from Quebec for this Light House, with their current price in that city.

	Prices.			
	£	s. d.	£	s. d.
Forward, for wages of workmen and for schooner.....				3574 10 0
200 barrels of cement.....	12	6	125	0 0
58 " of lime.....	5	0	13	5 0
100 " of sand.....	2	6	12	10 0
450 lbs of lead.....	0	4½	8	8 9
82 " of copper.....	3	3	18	6 6
260 " of galvanized sheet iron.....	0	8	8	13 4
13 " of copper rivets.....	3	9	3	7 6
30 " of solder.....				
2 leaden oil tanks of 3 feet x 3 feet x 3 feet.....			12	0 0
500 lbs. of iron for a door.....	0	6	12	10 0
192 " of iron for a trap door.....	0	6	4	16 0
				217 12 1
Expenses incurred from 30th June to 23rd November, 1856.....				3792 2 1
Amount of expenses incurred brought forward from other side from 20th July, 1854, to 30th June, 1856.....				11836 8 6
Total.....				15628 10 7

Humbly submitted.

(Signed), P. GAUVREAU.

Quebec, 21st January, 1857.

Second copy made by order of the Department.

(Signed,) P. GAUVREAU.

Quebec, 19th June, 1858.

No. 3.

STATEMENT of expenses incurred by the contractor, Frs. Baby, Esquire, in the construction of the Light House at Belleisle, from 23rd November, 1856, to 15th November, 1857.

Expenditure from 23rd November, 1856, to 18th June, 1857:		Prices.				
		£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
4 Laborers		0 10 0	2 0 0			
One day's expenditure			2 0 0			
173 days from 23rd November, 1856, to 27th June, 1857		2 0 0			346 0 0	
Expenditure between 18th and 27th June, 1857.						
1 Workman		0 15 0	0 15 0			
4 Labourers		0 10 0	2 0 0			
Daily expenditure			2 15 0			
12 days from 18th to 27th June, 1857		2 15 0	38 0 0			
1 Trip of a schooner			100 0 0			
Expenditure from 18th to 27th June, 1857, materials excepted					138 0 0	
Expenditure from 27th June to 15th November, 1857.						
1 Conductor		1 0 0	1 0 0			
15 Workmen		0 15 0	11 5 0			
23 Laborers		0 10 0	11 10 0			
3 Horses		0 10 0	1 10 0			
Daily expenditure			25 5 0			
121 Days from the 27th June to 15th Nov., 1857		25 5 0			3055 5 0	
Amount forward					3534 5 0	

STATEMENT of materials sent from Quebec for this Light House, from 23rd November, 1856, to 5th September, 1857, with their prices in that City.

		Prices.				
		£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Amount brought over, wages					3534 5 0	
6 Barrels of blasting powder		1 4 0	7 4 0			
26 Lengths of stovepipe		0 0 11	1 3 10			
3 Elbows for do		0 2 6	0 7 6			
4 Gross of screws		0 2 6	0 10 0			
2 Quires sandpaper		0 1 3	0 2 6			
4 Lbs. borax		0 1 9	0 7 0			
12 Cwt. lead		2 2 0	25 4 0			
80 Lbs. solder		0 2 6	10 0 0			
20 Lbs. sulphur		0 0 4	0 6 8			
1 Bar 1½ inch. copper, 38 lbs.		0 8 8	5 7 3			
1 Bar 1 inch steel, 34 lbs.		0 1 8	1 14 0			
4 Tins green paint		0 8 9	1 15 0			
12 Pairs of 4 inch hinges		0 0 9	0 9 0			
1½ Doz hooks		0 2 4	0 3 6			
1 M. Tacks			0 2 0			
Carried forward		£	£		£3534 5	

STATEMENT of materials sent from Quebec for Light-house, &c.—(Continued.)

	Prices. £ s. d.	£ s. d.	£ s. d.
Brought forward			8584 5 0
3 Padlocks.....	0 1 0	0 3 0	
1 Door lock.....		0 7 6	
1 Keg Black paint		0 8 6	
2 Bars 1 inch square iron.. } 570 lbs.....	0 18 0	4 11 7	
12 Bars 1 inch assorted iron, }			
2 Gallons oil at 5s. 6d. 2 gallons turpentine.....	0 4 6	1 0 0	
6 Large paint brushes	0 3 6	1 1 0	
12 cwt. putty	1 2 6	18 10 0	
10 lbs. Rosin at 8d. 2 sponges	0 1 6	0 5 6	
2 Bottles spirits of salt	0 2 3	0 4 6	
1 Piece of sheet lead, 40 lbs	0 0 6	1 0 0	
2 Chamois skins	0 2 0	0 4 0	
24 Barrels of smiths' coals	0 5 6	6 12 0	
2 Shingling hammers.....	0 5 0	0 10 0	
Sheet iron floor, complete..... 10,162 lbs.			
Alterations in the beams			8,961 "
14,123 lbs...			
1 Chain, 40 feet, 43 lbs.....	0 0 6	353 1 6	
2 12 inch pullies.....	0 0 8	1 8 8	
6 Ash oars.....	0 5 0	0 10 0	
2 Iron pullies.....	0 5 0	1 10 0	
30 M. shingles	4 0 0	8 0 0	
20 Sheets of galvanized iron, 272 lbs.....	0 7 6	11 5 0	
15 lbs. rivets, at 3s. 9d., 5 lbs. washers, at 4s. 6d.....	0 0 8	9 1 4	
12 lbs. solder		3 18 9	
450 lbs. lead for cramping	0 2 6	1 10 0	
2 Ladles	0 0 6	11 5 0	
12 Swivels, at 5d.; 12 pairs hinges	0 3 6	0 7 0	
1 Diamond, \$8—1,000 ft. slow-match (<i>ratelle</i>)	0 0 6	0 11 0	
1 Barrel cut nails, 3 in. 2	1 5 0	3 5 0	
3 Bars 1 inch cast steel, 85 lbs.....	1 6 6	2 13 0	
1 Bellows pipe	0 1 0	4 5 0	
1 Furnace, 25s., 1 pr. bellows		0 10 0	
1 Bar 3 in. square copper, 37½ lbs.....	0 3 9	1 8 9	
Out stone, 60 feet for pedestal.....	0 3 3	6 1 10½	
4 Elm mouldings, 60 feet	0 6 0	18 0 0	
8 Spars	0 1 6	4 10 0	
50 Barrels cement.....	0 1 3	0 10 0	
300 Boards	0 12 6	31 5 0	
	4 0 0	12 0 0	
Amount for materials sent from Quebec.....			571 11 8½
Total amount of the contractor's disbursements in constructing the Light-house, from 23rd Nov., 1856, to 15th Nov., 1857.....			4105 16 6½
Contractor's disbursements from the 20th July, 1854, to 23rd Nov., 1856, as per statement furnished to the Department on 21st January, 1857			15628 10 7
Total amount of the contractor's disbursements from the 20th July, 1854, to the 15th Nov., 1857, for the entire completion of the Belle Isle Light House.....			19734 7 3½

Certified correct.

(Signed,)

P. GAUVREAU.

25th November, 1857.

No. 1.

STATEMENT of expenses incurred by the contractor, F. Baby, Esquire, in constructing the Lighthouse on the Western point of Anticosti, from 20th July, 1854, to 30th June, 1856.

Expended in 1854, from 20th July to 1st November:	Prices.			£ s. d.
	£	s.	d.	
2 Conductors	20	0		2 0 0
18 Workmen	15	0		9 15 0
26 Laborers	10	0		18 0 0
4 Horses	10	0		2 0 0
Daily expenditure				26 15 0
88 Days, from 20th July, to 1st November, 1854	26	15	0	2354 0 0
6 Cargoes of schooners	80	10	0	483 0 0
Amount of expenses incurred in 1854, materials excepted				2837 0 0
Expended in 1855, from 12th May to 1st November:				
1 Conductor	20	0		1 0 0
12 Workmen	15	0		9 0 0
28 Laborers	10	0		14 0 0
6 Horses	10	0		3 0 0
Daily expenditure				27 0 0
146 Days, from 12th May to 1st November, 1855	27	0	0	3942 0 0
7 Cargoes of schooners	80	10	0	568 10 0
1 Schooner for conveying sand, 3 months	50	0	0	150 0 0
Amount of expenses incurred in 1855, from 12th May to 1st November				4655 10 0
Expended from 1st November, 1855, to 30th June, 1856:				
1 Conductor	20	0		1 0 0
9 Workmen	15	0		6 15 0
15 Laborers	10	0		7 10 0
4 Horses	10	0		2 0 0
Daily expenditure				17 5 0
208 days, from 1st November, 1855, to 30th June, 1856	17	5	0	3588 0 0
4 Voyages of schooners	80	10	0	322 0 0
1 Schooner for conveying sand 1 month	50	0	0	50 0 0
Amount of expenses incurred from 1st November, 1855, to 30th June, 1856				3960 0 0
Amount forward				11452 10 0

STATEMENT of materials despatched from Quebec for this Lighthouse, with the prices thereof in that City.

	Prices.			
	£	s.	d.	
For wages of workmen and for schooners				11452 10 0
82977 Fire-bricks	9	0	0	746 15 10
1350 Barrels of cement	12	6		843 15 0
890 Superficial feet of cut stone	6	0		267 0 0
739 Feet of cedar for joists	1	3		46 3 9
2801 Feet of pine for framing	0	6		70 0 6
250 1½ inch planks for roofing	5	0	0	12 10 0
20000 Shingles	12	6		12 10 0
250 Boards for deafening	40	0		5 0 0
250 1½ inch planks for flooring	6	0	0	15 0 0
200 Scantling for partitions	3	0	0	6 0 0
260 Pieces of battening	15	0		1 17 6
10000 Laths	6	0		3 0 0
290 Boards for lining attics	60	0		6 0 0
50 " " kitchen	60	0		1 10 0
75 1½ inch planks, dressed, tongued & grooved, for partitions	7	0	0	5 5 0
50 1 inch boards for skirting	5	0	0	2 10 0
2 Hearth stones	20	0		2 0 0
4 Single pipe holes	5	0		1 0 6
4 Double "	7	6		1 10 0
150 12 feet plank, 11 inch by 1½ inch, for stairs	8	0	0	12 0 0
12 Double windows, glazed and painted	5	0	0	60 0 0
10 Room doors	2	10	0	25 0 0
4 Cellar Doors	30	0		6 0 0
7 pairs of windows for the tower	20	0		7 0 0
1 door for the tower	40	0		2 0 0
200 12 feet plank 9 inch x 2 inch. for flooring	7	0	0	14 0 0
1 Double lead sink	7	10	0	7 10 0
2 Chimney tops	40	0		4 0 0
2 Entry doors for keeper's house	40	0		4 0 0
40 Barrels of lime	5	0		10 0 0
Blocks, tackle, &c.				100 0 0
2 Windlasses, with chains, &c.				50 0 0
1000 Boards for temporary buildings	3	0	0	30 0 0
1000 Planks for scaffolding	2	0	0	20 0 0
2 Boats				16 0 0
Blacksmiths' tools				35 0 0
6 Barrels of nails	50	0		15 0 0
45 Cwt. of iron for blasting	15	0		33 15 0
1450 Lbs. of powder for blasting	0	10		60 8 4
Slow match, (Ratelle)				10 0 0
Steel				20 0 0
Amount for materials sent from Quebec				2591 0 11
Total				14043 10 11

Humbly submitted,

(Signed,) P. GAUVREAU.

Quebec, 1st July, 1856.

No. 2.

STATEMENT of expenses incurred by the contractor, F. Baby, Esquire, in the construction of the Light House at the Western extremity of Anticosti, from 30th June to 23rd November, 1856.

Expenses from 30th June to 31st July, 1856.		Prices. £ s. d.	£ s. d.	£ s. d.
1 Conductor		1 0 0	1 0 0	
8 Workmen		15 0	6 0 0	
15 Laborers		10 0	7 10 0	
4 Horses		10 0	2 0 0	
Daily expenses			16 10 0	
27 days, from 30th June to 31st July, 1856	16 10 0		445 10 0	
2 schooner trips	80 10 0		161 0 0	
Amount of Expenditure from 30th June to 31st July, 1856, materials excepted				606 10 0
Expenses from 31st July to 30th September, 1856.				
1 Conductor	20 0		1 0 0	
8 Workmen	15 0		6 0 0	
13 Laborers	10 0		6 10 0	
4 Horses	10 0		2 0 0	
Expenses for a day			15 10 0	
31 days, from 31st July to 20th September, 1856	15 10 0		682 0 0	
Amount of Expenditure incurred from 31st July to 20th September, 1856, materials excepted				682 0 0
Expenses from 20th September to 18th November, 1856.				
1 Conductor	1 0 0		1 0 0	
8 Workmen	15 0		6 0 0	
8 Laborers	10 0		4 0 0	
2 Horses	10 0		1 0 0	
Expenses per diem			12 0 0	
45 days, from 20th September to 18th November, 1855	12 0 0		540 0 0	
Amount of Expense from 20th September to 18th November, materials excepted				540 0 0
Carried forward				1828 10 0

STATEMENT of materials sent for this Light House, from Quebec, with their current prices in that City.

	Prices. £ s. d.	£ s. d.	£ s. d.
Carried forward.....			1828 10 0
10180 lbs. iron, for flooring, joists, &c.....	0 6	254 10 0	
450 " lead.....	0 4½	8 8 0	
88 " copper.....	3 8	18 6 6	
260 " galvanized sheet iron.....	0 8	8 13 4	
35 " copper bolts.....	3 9	6 11 3	
2 Large oil tanks, 8 x 3 x 3.....		12 0 0	
500 lbs. iron for a door.....	0 6	12 10 0	
192 " " for a trap door.....	0 6	4 16 0	
30 " solder.....	2 6	3 15 0	
			324 10 10
Amount of expenditure from 30th June to 23rd November, 1857.....			2153 0 10
Amount brought forward, of expenses from 20th July, 1854, to 30th June, 1856.....			14043 10 11
Total.....			16196 11 9

Humbly submitted.

(Signed,) P. GAUVREAU.
Quebec, 21st January, 1857.

Second copy on requisition of Department.

(Signed,) P. GAUVREAU.
Quebec, 19th June, 1858.

No. 3.

STATEMENT of expenses incurred by the contractor, F. Baby, Esquire, in the construction of the Light House on the Western point of Anticosti, from 23rd November, 1856, to 15th November, 1857.

Expenditure from 30th June, to 15th November, 1857.	Price. £ s. d.	£ s. d.	£ s. d.
2 Workmen.....	15 0	1 10 0	
2 Laborers.....	10 0	1 0 0	
Expense per diem.....		2 10 0	
121 Days from 27th June, to 15th November, 1857.....	2 10 0		302 10 0

STATEMENT of materials sent from Quebec for this Light House, from 23rd November, 1856, to 15th November, 1857, with their prices current in that city.

	Price. £ s. d.	£ s. d.	£ s. d.
Brought forward.....			302 10 0
6 Cwt. lead for clamping.....	42 0	12 12 0	
60 Lbs. solder.....	2 6	7 10 0	
1 Bottle of spirit of salt.....		0 2 0	
20 Lbs. of Sulphur.....	0 4	0 6 8	
1 Bar of copper 1½ inch—17 lbs.....	3 3	2 15 3	
6 Bars iron, ½ in., 188 lbs.....	0 18 0	1 10 2	
1 Gallon of linseed oil.....		0 5 6	
1 " turpentine.....		0 4 6	
10 " resin.....	0 3	0 2 6	
1 Piece of lead 87 lbs.....	0 6	0 18 6	
2 Chamois skins at 2s.—2 sponges.....	1 6	0 7 0	
2 Iron pulleys.....	4 0 0	8 0 0	
2 Iron girders for flooring, 238 lbs.....	0 6	5 19 0	
1 Piece sheet iron, 46 lbs.....	0 8	1 10 8	
1 " " copper, 18 lbs.....	3 3	2 18 6	
4 Bladders putty.....	0 3½	0 18 6	
2 Casks black paint.....	8 6	0 17 0	
1 " white paint.....		0 18 0	
Amount of materials sent from Quebec for light house.....			47 7 10
Total amount of expenditure by Contractor in erection of this light house from 23rd November, 1856, to 15th November, 1857.....			349 17 10
Total amount of expenditure by Contractor from 20th July, 1854, to 23rd November, 1856, as by Statement furnished to Department, 26th January, 1857.....			16196 11 9
Total amount of expenditure by Contractor from 20th July, 1854, to 15th November, 1857, for the complete construction of the light house at the West point of Anticosti.....			16546 9 6

Certified correct.

(Signed,)

P. GAUVREAU.

25th November, 1857.

Second copy made on requisition of Department.

(Signed,)

P. GAUVREAU.

Quebec, 19th June, 1858.

No. 1.

STATEMENT of expenses incurred by the contractor, F. Baby, Esquire, in the construction of the Forteau Lighthouse, from the 20th July, 1854, to 30th June, 1856.

Disbursements in 1854, from 20th July to 1st November.		Price.	£ s. d.	£ s. d.
		£ s. d.		
1 Foreman		1 0 0	1 0 0	
9 Workmen		0 15 0	6 15 0	
29 Laborers		0 10 0	14 10 0	
6 Horses		0 10 0	8 0 0	
Expenses for a day			25 5 0	
88 Days from the 28th July to the 1st November, 1854	25 5 0		2222 0 0	
6 Trips of schooners	80 10 0		488 0 0	
Expenses in 1854, materials excepted				2705 0 0
Expenses in 1855, from 12th May to 1st November.				
1 Foreman		1 0 0	1 0 0	
9 Workmen		0 15 0	6 15 0	
27 Laborers		0 10 0	13 10 0	
6 Horses		0 10 0	8 0 0	
Expenses for a day			24 5 0	
146 Days from 12th May to 1st November, 1855	24 5 0		3540 10 0	
7 Trips of schooners	80 10 0		568 10 0	
Total expenses in 1855, from 12th May to 1st November, materials excepted				4104 0 0
Expenses from 1st November, 1855, to 30th June, 1856.				
1 Foreman		1 0 0	1 0 0	
9 Workmen		0 15 0	6 15 0	
18 Laborers		0 10 0	6 10 0	
4 Horses		0 10 0	8 0 0	
Expenses for a day			16 5 0	
208 Days from 1st November, 1855, to 30th June, 1856	16 5 0		3380 0 0	
4 Trips of schooners	80 10 0		322 0 0	
Total expenses from 1st November, 1855, to 30th June, 1856				3702 0 0
Amount forward				10511 0 0

STATEMENT of materials sent for this Lighthouse from Quebec, with their prices in that City.

	Price. £ s. d.	£ s. d.	£ s. d.
Amount brought over, workmen and schooners			10511 0 0
1850 Barrels of cement.....	0 12 6	843 15 0	
80193 Fire bricks	9 0 0	721 14 9	
887 Superficial feet cut stone	0 6 0	266 2 0	
739 Feet of cedar for joists.....	0 1 3	46 3 9	
2801 Feet of pine for framing.....	0 0 6	70 0 6	
250 Planks, 1½ inch, for roofing	5 0 0	12 10 0	
20000 Shingles	0 12 6	12 10 0	
250 Boards for deafening.....	2 0 0	5 0 0	
250 Planks, 1½ inch, for flooring.....	6 0 0	15 0 0	
200 Scantling for partitions.....	3 0 0	6 0 0	
250 Pieces of battening	0 15 0	1 17 6	
10000 Laths.....	0 6 0	3 0 0	
200 Boards for lining attics.....	3 0 0	6 0 0	
50 " " kitchen	3 0 0	1 10 0	
75 1½ inch planks, planed, grooved, and tongued for partitions	7 0 0	5 5 0	
50 Inch boards for skirting	5 0 0	2 10 0	
2 Hearths.....	1 0 0	2 0 0	
4 Single pipe holes.....	0 5 0	1 0 0	
4 Double " "	0 7 6	1 10 0	
150 12 feet planks, 11 by 1½ inches, for stairs.....	8 0 0	12 0 0	
12 Double windows glazed and painted	5 0 0	60 0 0	
10 Room doors	2 10 0	25 0 0	
4 Trap doors	1 10 0	6 0 0	
7 Pairs of windows for the tower.....	1 0 0	7 0 0	
1 Door for the tower.....	2 0 0	2 0 0	
200 12 feet planks, 9 by 2 inch, for flooring.....	7 0 0	14 0 0	
1 Sink lined with lead	7 10 0	7 10 0	
2 Chimney caps.....	3 0 0	4 0 0	
2 Entry doors for keeper's house	2 0 0	4 0 0	
40 Barrels of lime.....	0 5 0	10 0 0	
Blocks, tackle, &c., &c.		100 0 0	
2 Windlasses with chains, &c. &c.		50 0 0	
1000 Boards for temporary buildings	3 0 0	30 0 0	
1000 Planks for scaffoldings	2 0 0	20 0 0	
2 Boats.....		16 0 0	
Blacksmith's tools		35 0 0	
6 Barrels of nails.....	2 10 0	15 0 0	
45 Owt. of iron for blasting.....	0 15 0	33 15 0	
1450 Lbs. blasting powder	0 0 10	60 8 4	
Slow match, <i>Kat. Ile</i>		10 0 0	
Steel		20 0 0	
Amount for materials sent from Quebec.....			2565 1 10
Total amount.....			13076 1 10

Respectfully submitted,

(Signed,)

P. GAUVREAU.

Quebec, 1st July, 1856.

No. 2.

STATEMENT of expenses incurred by the contractor, F. Baby, Esquire, in the construction of Forteau Light House, from 30th June to 23rd Novr., 1856.

Expenses from 30th June to 1st August, 1856.		Prices.			£ s. d.
		£ s. d.	£ s. d.		
1 Foreman		20 0	1 0 0		
9 Workmen		15 0	6 15 0		
13 Laborers		10 0	6 10 0		
4 Horses		10 0	2 0 0		
Daily Expenses			16 5 0		
27 days from 30th June to 1st August, 1856	16 5 0		438 15 0		
2 trips of Schooner	62 10 0		125 0 0		
Amount of expenses from 30th June to 1st August, 1856, materials excepted					568 15 0
Expenses from 1st August to 24th Sept., 1856.					
1 Foreman		20 0	1 0 0		
16 Workmen		15 0	12 0 0		
13 Labourers		10 0	6 10 0		
4 Horses		10 0	2 0 0		
Daily expenses			21 10 0		
46 days from 21st August to 24th Sept., 1856	21 10 0		989 0 0		
2 trips of Schooners	62 10 0		125 0 0		
Expenses from 21st August to 24th Sep., 1856, materials excepted					1114 0 0
Expenses from 24th Sept. to 23rd Nov., 1856.					
1 Foreman		20 0	1 0 0		
14 Workmen ..		15 0	10 10 0		
6 Labourers		10 0	8 0 0		
4 Horses		10 0	2 0 0		
Daily expenses			16 10 0		
51 days from 24th Sept. to 23rd Nov., 1856	16 10 0		841 10 0		
Expenses from 24th Sept. to 23rd Nov., 1856, materials excepted					841 10 0
Amount forward					2519 5 0

STATEMENT of materials sent from Quebec, for this Light House, with their current prices in that City.

	Prices.		
	£ s. d.	£ s. d.	£ s. d.
Amount brot. over. Wages of workmen and for schooners.....			2519 5 0
450 barrels of cement.....	12 6	281 5 0	
10162 lbs. of Iron for flooring and joists	0 6	254 1 0	
450 " lead	0 4½	8 8 9	
82 " copper	3 3	13 6 6	
260 " sheet Iron	0 8	8 13 4	
55 " copper Rivets.....	3 9	10 6 3	
20 " tin	2 6	2 10 0	
2 Large Oil Tanks, lead, 3 × 3 × 3		12 0 0	
500 lbs. of iron for a door.....	0 6	12 10 0	
180 " " " trap door.....	0 6	4 10 0	
			608 6 10
Expenses from 30th June to 23rd Nov., 1856.			3127 11 10
Forward, expenses from 20th July, 1854, to 30th June, 1856 ..			13076 1 10
Total amount			16203 13 8

Humbly submitted.

(Signed,)

P. GAUVREAU.

Quebec, 21st January, 1857.

Second copy made on requisition of the Department.

(Signed,)

P. GAUVREAU.

Quebec, 19th June, 1858.

No. 3.

STATEMENT of expenses incurred by the contractor, Frs. Baby, Esquire, in the completion of the Forteau light-house, from 23rd November, 1856, to 20th October, 1857.

Expenditure from 23rd November to 17th July, 1857.		Prices.		
		£ s. d.	£ s. d.	£ s. d.
1 Conductor.....		0 20 0	1 0 0	
7 Workmen.....		0 15 0	5 5 0	
5 Laborers.....		0 10 0	2 10 0	
2 Horses.....		0 10 0	1 0 0	
Expenses per diem.....			9 15 0	
202 days, from 23rd November, 1856, to 17th July, 1857.....		9 15 0		1969 10 0
Expenses from 17th July to 20th October, 1857.				
1 Workman.....		0 15 0	0 15 0	
Day's expense.....			0 15 0	
66 days, from 17th July to 20th October, 1857.....		0 15 0		49 10 0
				2019 0 0

STATEMENT of materials sent from Quebec for this light-house from 23rd November, 1856, to 17th July, 1857, and of their prices in that city.

	Prices.		
	£ s. d.	£ s. d.	£ s. d.
Brought forward, workmen's wages.....			2019 0 0
64 Feet of cut stone for pedestal.....	0 6 0	19 4 0	
40 Barrels of cement.....	0 12 6	25 0 0	
40 Lbs. galvanized sheet iron.....	0 0 8	1 6 8	
70 Lbs. solder.....	0 2 6	8 15 0	
9 Barrels lime.....	0 5 0	2 5 0	
2 Pairs hinges.....	0 1 3	0 2 6	
4 ".....	0 0 7½	0 2 6	
2 Door handles, 8d., small lock.....	0 1 3	0 1 9	
4 Swivels at 8d., 6 flat files.....	0 0 7	0 4 6	
1 Lb. of glue at 1s., 6 pairs of hinges.....	0 1 10	0 12 0	
18 Packets of copper at 5d., 14 doz. screws.....	0 0 5	0 11 3	
14 Gallons linseed oil.....	0 5 6	3 17 0	
5 " Turpentine.....	0 4 6	1 2 6	
50 Boards.....	5 0 0	2 10 0	
50 ".....	4 0 0	2 0 0	
20 Feet of chain, 16 lbs.....	0 0 7½	0 10 0	
1 Bucket.....		0 3 6	
1 Bladder of putty, 89 lbs.....	0 0 3	1 2 3	
2 Iron pulleys.....	4 0 0	8 0 0	
1 Piece copper, 20 lbs.....	0 3 3	3 5 0	
2 Iron girders for flooring, 238 lbs.....	0 0 6	5 19 0	
2 Pieces hoop iron, 181 lbs.....	0 0 6	3 5 6	
1 Bar of copper, 8 inches square, 37½ lbs.....	0 3 3	6 1 10½	
1 Case of shingles.....		0 7 6	
14 Pairs of copper hinges, 2 inch.....	0 1 0	0 14 0	
6 Iron rings for trap doors.....	0 0 9	0 4 6	
¼ Quire of sand paper.....		0 0 9	
3 Kegs white paint.....	0 15 0	2 5 0	
1 Cannister, 4s., and 1 at 2s.....		0 6 0	
2 Cannisters of umber.....	0 5 0	0 10 0	
1 Lb. blue paint.....		0 1 3	
1 " yellow ochre.....		0 1 3	
1 Box glass 7 by 9.....		1 0 0	
Amount for materials sent from Quebec.....			101 12 0½
Carried over.....			2120 12 0½

STATEMENT of materials sent from Quebec for the light-house, &c.—(Continued.)

	Price. £ s. d.	£ s. d.	£ s. d.
Brought forward			2120 12 0½
Expenses incurred by the contractor in the completion of Forteau Light House, from 23rd November, 1856, to 2nd October, 1857			2120 12 0½
Expenses incurred by the contractor, from 20th July, 1854, to 23rd November, 1856, as per statement furnished to the department 21st January, 1857			16203 13 8
Total amount of expenses incurred by the contractor, from 20th July, 1854, to 2nd October, 1857, for the entire completion of Forteau light-house			18324 5 8½

Humbly submitted.

Quebec, 6th October, 1857.

(Signed)

P. GAUVREAU.

STATEMENT of expenses incurred by the contractor, F. Baby, Esquire, in constructing the Light House at "Cap Rosier," from 20th July, 1854, to 30th June, 1856.

Expended in 1854, from 20th July to 1st November.	Prices. £ s. d.	£ s. d.	£ s. d.
1 Conductor.....	20 0	1 0 0	
12 Workmen.....	15 0	9 0 0	
32 Laborers.....	10 0	16 0 0	
4 Horses.....	10 0	2 0 0	
Daily expenditure.....		28 0 0	
88 days from 20th July, to 1st November, 1854.....	28 0 0	2464 0 0	
6 cargoes of a schooner.....	80 10 0	488 0 0	
Expenses incurred in 1854—materials excepted.....			2947 0 0
Expended in 1855, from 12th May to 1st November.			
1 Conductor.....	20 0	1 0 0	
12 Workmen.....	15 0	9 0 0	
32 Laborers.....	10 0	16 0 0	
4 Horses.....	10 0	2 0 0	
Daily expenditure.....		28 0 0	
146 days from 12th May, to 1st November, 1855.....	28 0 0	4088 0 0	
7 cargoes of a schooner.....	80 10 0	568 10 0	
Expenses incurred in 1855, from 12th May, to 1st November.....			4651 10 0
Expended from 1st November, 1855, to 30th June, 1856.			
2 Conductors.....	20 0	2 0 0	
9 Workmen.....	15 0	6 15 0	
15 Laborers.....	10 0	7 10 0	
4 Horses.....	10 0	2 0 0	
Daily expenditure.....		18 5 0	
208 days from 1st November, 1855, to 30th June, 1856.....	18 5 0	3796 0 0	
4 cargoes of a schooner.....	80 10 0	322 0 0	
Expenses incurred from 1st November, 1855, to 30th June, 1856.....			4118 0 0
Forward.....		£	11716 10 0

No. 1.

STATEMENT of materials sent from Quebec for this Light House, with their prices in that City.

	Prices. £ s. d.	£ s. d.	£ s. d.
Forward, workmen's wages and for vessels			11718 10 0
1850 Barrels of cement.....	12 6	848 15 0	
82977 Fire brick.....	9 0 0	746 15 10	
890 Superficial feet cut stone.....	6 0	267 0 0	
789 Feet cedar, for joists.....	1 3	46 8 9	
2801 Feet pine, for framing.....	0 6	70 0 6	
250 1½ boards, for roofing.....	5 0 0	12 10 0	
20000 Shingles	12 6	12 10 0	
250 Boards for deafening.....	2 0 0	5 0 0	
250 1½ boards for flooring.....	6 0 0	15 0 0	
200 Scantling, for partitions		6 0 0	
250 Pieces of battening	15 0	1 17 6	
10000 Laths.....	6 0	3 0 0	
200 Boards for lining attics.....	3 0 0	6 0 0	
50 " " kitchen.....	3 0 0	1 10 0	
75 1½ planks for partitions, planed, tongued, and grooved	7 0 0	5 5 0	
50 1 inch boards for skirting.....	5 0 0	2 10 0	
2 Hearthstones.....	1 0 0	2 0 0	
4 Single pipe holes.....	5 0	1 0 0	
5 Double "	7 6	1 10 0	
150 Planks, 12 feet, 11 inches, x 1½ inches, for stairs	8 0 0	12 0 0	
12 Double windows, glazed and painted.....	5 0 0	60 0 0	
10 Room doors.....	2 10 0	25 0 0	
4 Cellar "	1 10 0	6 0 0	
7 Pairs of windows for tower	1 0 0	7 0 0	
1 Door for tower.....	2 0 0	2 0 0	
200 Planks 12 feet 9 inch x 2, for flooring	7 0 0	14 0 0	
1 Sink lined with lead	7 10 0	7 10 0	
2 Chimney caps.....	2 0 0	4 0 0	
40 Barrels of lime.....	5 0	10 0 0	
2 Entry doors for Keeper's house.....	2 0 0	4 0 0	
Blocks and Tackle, &c		100 0 0	
2 Windlasses, with chains, &c., &c.		50 0 0	
1000 Boards for temporary buildings.....	3 0 0	30 0 0	
1000 Plank for scaffolding.....	2 0 0	20 0 0	
2 Boats.....		16 0 0	
Blacksmiths' tools.....		35 0 0	
6 Barrels of nails	2 10 0	15 0 0	
45 Cwt. of iron for blasting.....	15 0	33 15 0	
1450 Lbs. powder for blasting.....	0 10	60 8 4	
Slow-match (<i>ratelle</i>).....		10 0 0	
Steel.....		20 0 0	
Total for materials sent from Quebec			2591 0 11
Total.....			14043 10 11

Humbly submitted,

(Signed) P. GAUVREAU.

Quebec, 1st July, 1856.

No. 2.

STATEMENT of expenses incurred by the contractor, F. Baby, Esq., in constructing the Light House at Cap Rosier, from 30th June to 23rd November, 1856.

Disbursements from 30th June to 31st July, 1856.		Prices.	£ s. d.	£ s. d.
		£ s. d.	£ s. d.	£ s. d.
1 Conductor.....	20 0	1 0 0		
10 Workmen.....	15 0	7 10 0		
23 Laborers.....	10 0	11 10 0		
2 Horses.....	10 0	1 0 0		
Amount of one day's expenses.....		21 0 0		
27 days, from 30th June to 31st July, 1856.....	21 0 0	567 0 0		
2 trips of schooner.....	80 10 0	161 0 0		
Disbursements from 30th June to 31st July, 1856 (materials excepted).....				728 0 0
Disbursements from 31st July to 30th August, 1856.				
1 Conductor.....	20 0	1 0 0		
11 Workmen.....	15 0	8 5 0		
20 Laborers.....	10 0	10 0 0		
2 Horses.....	10 0	1 0 0		
		20 5 0		
26 days from 31st July to 30th August, 1856.....	20 5 0	526 10 0		
Disbursements from 31st July to 30th August, 1856, (materials excepted).....				526 10 0
Disbursements from 30th August to 15th September, 1856.				
1 Conductor.....	20 0	1 0 0		
9 Workmen.....	15 0	6 15 0		
10 Laborers.....	10 0	5 0 0		
2 Horses.....	10 0	1 0 0		
Amount of one day's expenses.....		13 15 0		
13 days, from 30th August to 15th September, 1856.....	13 15 0	178 15 0		
Disbursements from 30th August to 15th September, 1856, (materials excepted).....				178 15 0
Disbursements from 15th September to 1st October, 1856.				
1 Conductor.....	20 0	1 0 0		
3 Workmen.....	15 0	2 5 0		
6 Laborers.....	10 0	3 0 0		
2 Horses.....	10 0	1 0 0		
Amount of one day's expenses.....		7 5 0		
13 days, from 15th September to 1st October, 1856.....	7 5 0	94 5 0		
Disbursements from 15th September to 1st October, 1856, (materials excepted).....				94 5 0
Disbursements from 1st to 18th October, 1856.				
1 Conductor.....	20 0	1 0 0		
1 Workman.....	15 0	0 15 0		
2 Laborers.....	10 0	1 0 0		
2 Horses.....	10 0	1 0 0		
		3 15 0		
18 days, from 1st to 18th October, 1856.....	3 15 0	67 10 0		
Disbursements from 1st to 18th October, 1856, (materials excepted).....				67 10 0
				1595 0 0

STATEMENT of materials sent from Quebec for this Light House, with the current prices thereof in that city.

	Prices.					
	£	s.	d.	£	s.	d.
Brought forward, wages of workmen and charge for schooner.						1595 0 0
100 barrels of cement.	12	6		62	10	0
12290 lbs. iron for flooring, joists, &c.	0	6		307	5	0
450 lbs. lead.	0	4½		8	8	9
82 lbs. copper.	3	8		13	6	6
266 lbs. galvanized sheet iron.	0	8		8	13	4
55 lbs. copper bolts	3	9		10	6	3
30 lbs. solder.	2	6		3	15	0
2 large leaden oil tanks, 3 ft. x 3 ft. x 3 ft.				12	0	0
500 lbs. iron for a door.	0	6		12	10	0
192 lbs. iron for a trap door.	0	6		4	16	0
Materials sent from Quebec.						433 10 10
Disbursements from 30th June to 23rd November, 1856.						2038 10 10
Brought over, disbursements from 20th July, 1855, to 30th June, 1856.						14307 10 0
Forward.						16346 0 10

Humbly submitted.

(Signed,) P. GAUVREAU.

Quebec, 21st January, 1857.

Second copy made on the requisition of the Department.

(Signed,) P. GAUVREAU.

Quebec, 19th June, 1858.

STATEMENT of Expenditure by the Contractor, F. Baby, Esquire, in the construction of the Light House at Cap Rosier, from 23rd Nov., 1856, to 16th Sept., 1857.

Disbursements from 18th to 27th June, 1857.		Prices.	£ s. d.	£ s. d.
2 Workmen		£ s. d.		
1 Laborer		15 0	1 10 0	
		10 0	0 10 0	
Amount of expenses for one day			2 0 0	
12 days from 18th to 27th June, 1857	2 0 0			24 0 0
Disbursements from 27th June to 16th Sept., 1857.				
1 Foreman	20 0	1 0 0		
5 Workmen	15 0	3 15 0		
6 Laborers	10 0	3 0 0		
Amount of expenses for one day		7 15 0		
79 days from 27th June to 16th Sept., 1857	7 15 0			612 5 0
Total forward			£	636 5 0

STATEMENT of materials forwarded from Quebec for the Light House from 23rd Nov., 1856, to 16th Sept., the prices thereof at that City.

	Prices.	£ s. d.	£ s. d.
Brought forward for workmen's wages			636 5 0
30 Barrels of Cement.	12 6	18 15 0	
Cut Stone, 38 feet.	6 0	11 8 0	
66 Pieces of Cut Stone, 80 feet.	6 0	24 0 0	
75 Boards at \$15, 13 Plank at.	1 3	3 12 6	
1 Sieve 3s. 9d., 6 barrels of charcoal.	5 6	1 18 9	
4 Bars of Iron 1½ cwt.	18 0	1 7 0	
2 Bars of Cast Steel, 64 lbs.	1 0	3 4 0	
1 Pair of Bellows 3s. 9d., 2 Locks.	2 6	0 8 9	
2 Pairs of Hinges at 1s. 3d., 2 Crowbars.	5 6	0 18 6	
4 Bars of Iron, 102 lbs.	18 0	0 18 0	
1 Centrebit.		1 2 6	
1 Bar of Copper, 3 inches square, 37½ lbs.	3 3	6 1 10½	
13 Quintals of Clamping Lead.	42 0	27 6 0	
112 Lbs. of Tin.	2 6	14 0 0	
20 " of Sulphur.	0 4	0 6 8	
21 " of Copper.	3 3	3 8 3	
1 Bar of Cast Steel, 1 inch, 32 lbs.	1 0	1 12 0	
10 Bars of round Iron, ¾ inch, 3 cwt.	18 0	2 14 0	
10 Lbs. of Rosin.	0 4	0 3 4	
4 Cans of Paint.	8 9	1 15 0	
12 Gallons Oil at 5s. 6d., 2 Gallons of Turpentine.	4 6	3 15 0	
12 Cwt. Putty.	22 6	13 10 0	
6 Brushes at 3s. 6d., 2 Bottles Spirits of Salt.	2 3	1 5 6	
1 Piece of Lead, 37 lbs.	0 6	0 18 6	
2 Chamois Skins at 3s., 2 Sponges.	1 3	0 8 6	
1 Piece of Sheet Iron, 46 lbs.	0 8	1 10 8	
2 Iron Pullies.	4 0 0	3 0 0	
6 Lbs. of Borax.	1 9	0 10 0	
4 Casks of White Lead.	15 0	3 0 0	
2 Shovels.	3 3	0 6 6	
1 Cwt. of 3 inch Nails.	25 0	1 5 0	
½ Cwt. of 6 inch Nails.	25 0	0 12 6	
1 Dozen of Swivels.	2 9	0 2 9	
3 Bars of half-round Iron, 12 lbs.	0 3	0 3 0	
15 Lbs. of White Zinc.	0 2	0 2 6	

STATEMENT of materials forwarded from Quebec for the Light House, from 23rd Nov., 1856, to 16th Sept., the prices thereof at that City.—(Continued.)

	Prices. £ s. d.	£ s. d.	£ s. d.
Brought forward for workmen's wages.....			636 5 0
2 Iron Sills, 3890 lbs. } 1 Iron Collar, 338 " } 4084 lbs.....	0 0 6	102 2 0	
4 Girders 356 " }			
1 Sheet of Copper, 11 lbs.....	0 3 3	1 15 9	
2 Boxes of Glass, 7 x 9	1 0 0	2 0 0	
2 Bladders of Putty, 33 lbs.....	0 0 2½	0 6 11	
1 Oak		0 5 0	
Freight of these materials in transporting them to their place of destination		17 10 0	
Total for materials sent for this Light House			287 7 8½
Total disbursements by the Contractor for the entire comple- tion of this Light House, from 23rd Nov., 1856, to 16th Sept., 1857			923 13 8½
Total disbursements by the Contractor, from 20th July, 1854 to 23rd Nov., 1856, as per statement furnished to the Depart- ment 21st January, 1857			16346 0 10
Total disbursements by the Contractor from 20th July, 1854 to 16th Sept., 1857, for the entire completion of the Light House at Cap Rosier			17269 13 6½

Humbly submitted.

(Signed,)

P. GAUVREAU.

Quebec, 6th October, 1857.

A second copy, made on requisition of the Department.

(Signed,)

P. GAUVREAU.

Quebec, 19th June, 1858.

APPENDIX A.—(*Continued.*)

**FRANCOIS BABY, Esquire, in account with the Department
of Public Works.**

FRANÇOIS BABY, Esq., in Account Current with Department of Public Works. Ca.

Dr.

1852.		1853.		1854.		1855.		1856.		1857.		1858.		1859.		1860.		1861.		1862.		1863.		1864.		1865.		1866.		1867.		1868.		1869.		1870.		1871.		1872.		1873.		1874.		1875.		1876.		1877.		1878.		1879.		1880.		1881.		1882.		1883.		1884.		1885.		1886.		1887.		1888.		1889.		1890.		1891.		1892.		1893.		1894.		1895.		1896.		1897.		1898.		1899.		1900.		1901.		1902.		1903.		1904.		1905.		1906.		1907.		1908.		1909.		1910.		1911.		1912.		1913.		1914.		1915.		1916.		1917.		1918.		1919.		1920.		1921.		1922.		1923.		1924.		1925.		1926.		1927.		1928.		1929.		1930.		1931.		1932.		1933.		1934.		1935.		1936.		1937.		1938.		1939.		1940.		1941.		1942.		1943.		1944.		1945.		1946.		1947.		1948.		1949.		1950.		1951.		1952.		1953.		1954.		1955.		1956.		1957.		1958.		1959.		1960.		1961.		1962.		1963.		1964.		1965.		1966.		1967.		1968.		1969.		1970.		1971.		1972.		1973.		1974.		1975.		1976.		1977.		1978.		1979.		1980.		1981.		1982.		1983.		1984.		1985.		1986.		1987.		1988.		1989.		1990.		1991.		1992.		1993.		1994.		1995.		1996.		1997.		1998.		1999.		2000.		2001.		2002.		2003.		2004.		2005.		2006.		2007.		2008.		2009.		2010.		2011.		2012.		2013.		2014.		2015.		2016.		2017.		2018.		2019.		2020.		2021.		2022.		2023.		2024.		2025.		2026.		2027.		2028.		2029.		2030.		2031.		2032.		2033.		2034.		2035.		2036.		2037.		2038.		2039.		2040.		2041.		2042.		2043.		2044.		2045.		2046.		2047.		2048.		2049.		2050.		2051.		2052.		2053.		2054.		2055.		2056.		2057.		2058.		2059.		2060.		2061.		2062.		2063.		2064.		2065.		2066.		2067.		2068.		2069.		2070.		2071.		2072.		2073.		2074.		2075.		2076.		2077.		2078.		2079.		2080.		2081.		2082.		2083.		2084.		2085.		2086.		2087.		2088.		2089.		2090.		2091.		2092.		2093.		2094.		2095.		2096.		2097.		2098.		2099.		2100.		2101.		2102.		2103.		2104.		2105.		2106.		2107.		2108.		2109.		2110.		2111.		2112.		2113.		2114.		2115.		2116.		2117.		2118.		2119.		2120.		2121.		2122.		2123.		2124.		2125.		2126.		2127.		2128.		2129.		2130.		2131.		2132.		2133.		2134.		2135.		2136.		2137.		2138.		2139.		2140.		2141.		2142.		2143.		2144.		2145.		2146.		2147.		2148.		2149.		2150.		2151.		2152.		2153.		2154.		2155.		2156.		2157.		2158.		2159.		2160.		2161.		2162.		2163.		2164.		2165.		2166.		2167.		2168.		2169.		2170.		2171.		2172.		2173.		2174.		2175.		2176.		2177.		2178.		2179.		2180.		2181.		2182.		2183.		2184.		2185.		2186.		2187.		2188.		2189.		2190.		2191.		2192.		2193.		2194.		2195.		2196.		2197.		2198.		2199.		2200.		2201.		2202.		2203.		2204.		2205.		2206.		2207.		2208.		2209.		2210.		2211.		2212.		2213.		2214.		2215.		2216.		2217.		2218.		2219.		2220.		2221.		2222.		2223.		2224.		2225.		2226.		2227.		2228.		2229.		2230.		2231.		2232.		2233.		2234.		2235.		2236.		2237.		2238.		2239.		2240.		2241.		2242.		2243.		2244.		2245.		2246.		2247.		2248.		2249.		2250.		2251.		2252.		2253.		2254.		2255.		2256.		2257.		2258.		2259.		2260.		2261.		2262.		2263.		2264.		2265.		2266.		2267.		2268.		2269.		2270.		2271.		2272.		2273.		2274.		2275.		2276.		2277.		2278.		2279.		2280.		2281.		2282.		2283.		2284.		2285.		2286.		2287.		2288.		2289.		2290.		2291.		2292.		2293.		2294.		2295.		2296.		2297.		2298.		2299.		2300.		2301.		2302.		2303.		2304.		2305.		2306.		2307.		2308.		2309.		2310.		2311.		2312.		2313.		2314.		2315.		2316.		2317.		2318.		2319.		2320.		2321.		2322.		2323.		2324.		2325.		2326.		2327.		2328.		2329.		2330.		2331.		2332.		2333.		2334.		2335.		2336.		2337.		2338.		2339.		2340.		2341.		2342.		2343.		2344.		2345.		2346.		2347.		2348.		2349.		2350.		2351.		2352.		2353.		2354.		2355.		2356.		2357.		2358.		2359.		2360.		2361.		2362.		2363.		2364.		2365.		2366.		2367.		2368.		2369.		2370.		2371.		2372.		2373.		2374.		2375.		2376.		2377.		2378.		2379.		2380.		2381.		2382.		2383.		2384.		2385.		2386.		2387.		2388.		2389.		2390.		2391.		2392.		2393.		2394.		2395.		2396.		2397.		2398.		2399.		2400.		2401.		2402.		2403.		2404.		2405.		2406.		2407.		2408.		2409.		2410.		2411.		2412.		2413.		2414.		2415.		2416.		2417.		2418.		2419.		2420.		2421.		2422.		2423.		2424.		2425.		2426.		2427.		2428.		2429.		2430.		2431.		2432.		2433.		2434.		2435.		2436.		2437.		2438.		2439.		2440.		2441.		2442.		2443.		2444.		2445.		2446.		2447.		2448.		2449.		2450.		2451.		2452.		2453.		2454.		2455.		2456.		2457.		2458.		2459.		2460.		2461.		2462.		2463.		2464.		2465.		2466.		2467.		2468.		2469.		2470.		2471.		2472.		2473.		2474.		2475.		2476.		2477.		2478.		2479.		2480.		2481.		2482.		2483.		2484.		2485.		2486.		2487.		2488.		2489.		2490.		2491.		2492.		2493.		2494.		2495.		2496.		2497.		2498.		2499.		2500.		2501.		2502.		2503.		2504.		2505.		2506.		2507.		2508.		2509.		2510.		2511.		2512.		2513.		2514.		2515.		2516.		2517.		2518.		2519.		2520.		2521.		2522.		2523.		2524.		2525.		2526.		2527.		2528.		2529.		2530.		2531.		2532.		2533.		2534.		2535.		2536.		2537.		2538.		2539.		2540.		2541.		2542.		2543.		2544.		2545.		2546.		2547.		2548.		2549.		2550.		2551.		2552.		2553.		2554.		2555.		2556.		2557.		2558.		2559.		2560.		2561.		2562.		2563.		2564.		2565.		2566.		2567.		2568.		2569.		2570.		2571.		2572.		2573.		2574.		2575.		2576.		2577.		2578.		2579.		2580.		2581.		2582.		2583.		2584.		2585.		2586.		2587.		2588.		2589.		2590.		2591.		2592.		2593.		2594.		2595.		2596.		2597.		2598.		2599.		2600.		2601.		2602.		2603.		2604.		2605.		2606.		2607.		2608.		2609.		2610.		2611.		2612.		2613.		2614.		2615.		2616.		2617.		2618.		2619.		2620.		2621.		2622.		2623.		2624.		2625.		2626.		2627.		2628.		2629.		2630.		2631.		2632.		2633.		2634.		2635.		2636.		2637.		2638.		2639.		2640.		2641.		2642.		2643.		2644.		2645.		2646.		2647.		2648.		2649.		2650.		2651.		2652.		2653.		2654.		2655.		2656.		2657.		2658.		2659.		2660.		2661.		2662.		2663.		2664.		2665.		2666.		2667.		2668.		2669.		2670.		2671.		2672.		2673.		2674.		2675.		2676.		2677.		2678.		2679.		2680.		2681.		2682.		2683.		2684.		2685.		2686.		2687.		2688.		2689.		2690.		2691.		2692.		2693.		2694.		2695.		2696.		2697.		2698.		2699.		2700.		2701.		2702.		2703.		2704.		2705.		2706.		2707.		2708.		2709.		2710.		2711.		2712.		2713.		2714.		2715.		2716.		2717.		2718.		2719.		2720.		2721.		2722.		2723.		2724.		2725.		2726.		2727.		2728.		2729.		2730.		2731.		2732.		2733.		2734.		2735.		2736.		2737.		2738.		2739.		2740.		2741.		2742.		2743.		2744.		2745.		2746.		2747.		2748.		2749.		2750.		2751.		2752.		2753.		2754.		2755.		2756.		2757.		2758.		2759.		2760.		2761.		2762.		2763.		2764.		2765.		2766.		2767.		2768.		2769.		2770.		2771.		2772.		2773.		2774.		2775.		2776.		2777.		2778.		2779.		2780.		2781.		2782.		2783.		2784.		2785.		2786.		2787.		2788.		2789.		2790.		2791.		2792.		2793.		2794.		2795.		2796.		2797.		2798.		2799.		2800.		2801.		2802.		2803.		2804.		2805.		2806.		2807.		2808.		2809.		2810.		2811.		2812.		2813.		2814.		2815.		2816.		2817.		2818.		2819.		2820.		2821.		2822.		2823.		2824.		2825.		2826.		2827.		2828.		2829.		2830.		2831.		2832.		2833.		2834.		2835.		2836.		2837.		2838.		2839.		2840.		2841.		2842.		2843.		2844.		2845.		2846.		2847.		2848.		2849.		2850.		2851.		2852.		2853.		2854.		2855.		2856.		2857.		2858.		2859.		2860.		2861.		2862.		2863.		2864.		2865.		2866.		2867.		2868.		2869.		2870.		2871.		2872.		2873.		2874.		2875.		2876.		2877.		2878.		2879.		2880.		2881.		2882.		288	
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APPENDIX B.

NO. 1.

DR. RYERSON'S Reply to Mr. Langton's Memorandum.
(See pages 160, 161.)

I have to offer the following reply to Mr. Langton's memorandum, laid before the Committee on Public Accounts, the 17th inst., and a copy of which has been furnished to me by order of the Chairman of the Committee.

I did not, as Mr. Langton says, charge him "with making erroneous statements in regard to my accounts." Mr. Langton charged me with having applied and obtained in *May*, 1855, £24,642 10s. 6d., which was not payable until the 1st of July. In that charge he said not a word as to my accounts. In reply, I showed that I did not apply that a warrant might issue for that sum before the 23rd June, and that Mr. Langton would find the refutation of his own charge in the books of the Inspector General's Office, which it was his duty to examine before making such a charge against me. I stated at the same time, that it was possible that *May* instead of *June* might have been written as the date of the warrant in question, as I found both words written opposite it on the margin of the draft of the return sent in to the Board of Audit. In his memorandum, so far from withdrawing or acknowledging the error of his charge, Mr. Langton endeavors to impress upon the Committee its correctness by an appeal to my return and accounts—a return and accounts prepared and sent in while I was in Europe, and in which "*May 28*" is erroneously entered instead of "*June 28*." Had the receipt of a warrant been entered in my accounts a month later than the actual receipt of it, Mr. Langton would doubtless have charged me with having obtained money a month before I acknowledged the receipt of it; but now that an error had been made against myself in returns from my Department, Mr. Langton makes it the ground of a serious charge against me, though he had the proof of the contrary in the books of the Inspector General's Department. Mr. Langton attempts to excuse himself by saying that he had no books of his own to refer to. Surely he had access to the warrant and payment books of the Inspector General's Office, as well as to the appropriation book, and he was as much bound to examine the one as the other in auditing my accounts, and especially before preferring a grave charge to the Government, and afterwards laying it before the Committee, against me on the subject. Mr. Langton says he checked off the warrants issued in my behalf by the appropriation book in the Inspector General's Office. Now, I ratified my apportionment of the sum in question to the Inspector General in a letter dated June 16, 1855—an apportionment which could not, therefore, by any possibility, have been entered into the appropriation book of the Inspector General's Office the preceding May. It would have been as culpable in the Inspector General to recommend the issue and payment of a warrant in May, which was not payable until the 1st of July, as for me to apply to him for it; and I submit that Mr. Langton was not justified in making such a charge against me without examining the warrant books of the Inspector General's Office; and if he did so, he must have known how gross a wrong he was doing me in preferring the charge contained in his report, and which he endeavors to justify in his memorandum.

To put the matter at rest, on the receiving from the Clerk of the Committee a copy of Mr. Langton's memorandum, I waited on Mr. Dickinson, the Acting Deputy Inspector General, and delivered him the note of which a copy is appended, to which, in less than five minutes, he found, on turning to the books, the facts embodied in his answer, a copy of which is also appended, and by which it will be seen that the very sum which Mr. Langton persists in charging me with having received in "May, 1855," was actually paid at Quebec, *26th June*, 1855, only four days before it was payable by me at Toronto to the Treasurers of our various County, City and Town Municipalities of Upper Canada.

[No. 1672.]

(Copy.)

EDUCATION OFFICE,
Toronto, 19th June, 1858.

SIR,—I will thank you to furnish me with the date of the warrant for the Legislative Common School Apportionment of £24,642 10s. 6d. for 1855, issued and paid on my behalf on the recommendation of the Honorable Inspector General.

I have the honor to be,

Sir,
Your obedient servant,
(Signed,) E. RYERSON.

Wm. Dickinson, Esq.,
Acting Deputy Inspector General.

(Copy.)

INSPECTOR GENERAL'S OFFICE,
Toronto, 19th June, 1858.

SIR,—In reply to your letter of this date I beg to state for your information that the warrant for the Legislative Common School Apportionment of £24,642-10s. 6d. for the year 1855 was issued on the 21st June, 1855.

The payment of the warrant referred to was made on the 26th of June, 1855.

I have the honor to be,

Sir,
Your obedient servant,
(Signed,) WILLIAM DICKINSON.
Acting Dep'y. Insp'r. Gen'l.

Rev. E. Ryerson,
Superintendent of Education.

In presence of the above facts, I submit that Mr. Langton's auditing is as unfair as his accusation is unjust in the matter referred to.

E. RYERSON.

Education Office,
Toronto, 21st June, 1858.

No. 2.

Dr. Ryerson's explanations in regard to the Deposit of £2,000 in the Bank of Montreal, in September, 1856. (See Ques. 257, page 110 and page 161.)

A copy of Mr. Milroy's evidence having been furnished me by order of the Chairman, I desire to offer the following explanations respecting a former statement to the Committee, in connection with what Mr. Milroy has said.

What I stated to the Committee on this subject was stated from recollection of my understanding at the time that the deposits were made in the Bank of Montreal in the autumn of 1856, and from the fact that no interest was accounted for by the Bank at the end of that year, nor until upwards of three months after the public deposit was withdrawn. That being my understanding, and having received no account of the weekly balances, or account in detail in regard to interest on deposits at the Bank of Montreal, I learned for the first time from Mr. Milroy's evidence, that I had derived any advantage from the special deposit of £2,000 from September to December, 1856. The arrangements for depositing money in my behalf in the Bank of Montreal were made by Mr. Hodgins with Mr. Stevenson, who was agent of that Bank at Toronto, in 1856. My understanding was, that no interest would be allowed on the special deposit of £2,000, made in September, but that interest at the rate of three per cent. per annum would be paid on the current deposits of private moneys commenced a month afterwards—the Bank of Upper Canada having ceased to allow anything on such deposits, and but a small part of my salary during upwards of a year having been called for there. I hereto append a copy of Mr. Hodgins' full statement and explanations on this comparatively trivial matter, out of which so much has been attempted to be made. I beg permission to add one observation as to Mr. Langton's charge against me on this point. From this small affair Mr. Langton has taken occasion to charge me in general terms with having transferred, in 1856, the public moneys at my disposal from the Bank of Upper Canada to the Bank of Montreal. Now, I received and paid nearly £60,000 of public monies in 1856; and of that sum only £2,000 was deposited in the Bank of Montreal the latter part of the year, though I paid that year through the Montreal Bank agency, to local treasurers and other parties entitled to receive school money, the sum of £7,733 17s. 11d. It is perfectly clear, therefore, that if I had my own personal objects in view, and not the convenience of parties in certain municipalities, I would have proposed a different arrangement, and deposited much larger sums with the Bank of Montreal, and at an earlier period. The utmost efforts of Mr. Langton having failed to find a ground of charge against me in my accounting for the expenditure of the large sums of money entrusted to me, resort is had to a simple matter of this kind upon which to found a general and indefinite charge, although the transfer from one bank to another amounted only to the sum of £2,000, which was accounted for precisely the same as any other £2,000 of the hundreds of thousands which I have accounted for without the loss of a sixpence.

E. RYERSON.

Education Office,
21st June, 1858.

(Copy.)

TORONTO, 14th June, 1858.

REV. SIR,—

Having been requested by you to state the circumstances which led to the transference from the Bank of Upper Canada to that of the Bank of Montreal of £2000 in 1856, I beg to report, as nearly as I can recollect, the facts of the case, as follows :

We had always experienced a good deal of difficulty in the payment of the pensions to superannuated teachers, without the bank fee abatement,—scattered as these teachers were in almost every part of the Province. At first, many of them complained not only of the distance at which they resided from the Bank agency, but also of a bank fee being deducted from the amount of the pension transmitted. Upon representing the matter to the Bank of Upper Canada, the Cashier consented to pay all cheques upon him at par at any of the agencies of that Bank in the Province, and this we noted upon each cheque sent out, in order to prevent mistakes. We thus removed one difficulty, and hoped that by the teachers presenting their cheques to merchants and others doing business with banks the other difficulty would be got over also. In this we were disappointed ; for in July and August several complaints were made that teachers had to travel some distance to get their cheques cashed where agencies of the bank of Upper Canada did not exist. At first we thought of Post Office Money Orders, and I spoke to the Toronto Post Master on the subject, but the post office fee prevented this system being adopted. We then thought to get the consent of the Bank of Upper Canada to allow cheques upon it to be paid at par where necessary at the agency of any other bank in the Province, but the Bank declined doing so. In order, therefore, to remove a just cause of complaint on the part of these old teachers, I felt that the only course left was to open another account in some other bank having the next largest number of local agencies. I knew that this could be done without any difficulty under the financial system which had been in operation ever since school moneys were made payable through this Department,—a system which did not require you to deposit in any particular bank (or indeed in any bank at all, if a different mode of payment was deemed desirable), and which was not changed until the 1st of January, 1857.

Having examined the list of bank agencies in Upper Canada, we found that the Bank of Montreal had the next greatest number suited to our purpose. As we had already to pay about £7000 per annum through this Bank, I recommended the opening of a separate account there, not only for the purpose specified but also for the purpose of being enabled to pay Mr. Stevenson direct from funds in his own hands the school apportionments as they might become due and payable, to those Municipalities for which he held powers of attorney, and in which no agency of the Bank of Upper Canada existed. With this view I called upon Mr. Stevenson ; and in course of conversation in regard to our general account at the Bank of Upper Canada, I mentioned to him that the Bank of Upper Canada would not allow interest upon that account, as the Government were sometimes in arrear and sometimes in advance, and that therefore we could not expect it, as the balances of such an account were too fluctuating to allow of interest being given, unless (as Mr. Stevenson remarked) a previous stipulation were made that in that case of an overdraft interest would be allowed to the bank. No such stipulation was made or thought of with the Bank of Montreal. I asked Mr. Stevenson, however, if he would not allow interest every three months on the current deposits of your private account in case you would remove it there at the end of the then current quarter, when your salary, &c., might be available ; as you proposed, I believe, an entire separation at the Bank of Upper Canada of your public and private accounts at that time. To this Mr. Stevenson

assented. I reported the matter to you about the middle or end of August ; and on the 2nd September £2,000 were transferred to the Bank of Montreal by cheque on the Bank of Upper Canada. Before or about the time these arrangements were completed the ordinary half-yearly payments on behalf of Superannuated Teachers and Municipalities had ceased, and no immediate demand was required to be made on the funds until about the 1st of December, when cheques were given as usual to Mr. Stevenson himself and to others for such balances of the School grants as were due, and to Superannuated Teachers, &c. A cheque upon the Bank of Montreal having by mistake been drawn in favor of Mr. Ridout, he wrote a note to you, objecting to the payment through the Bank of Montreal of School moneys. After seeing him on the subject, the whole of the remaining deposit was withdrawn—he, having agreed to the arrangements which you proposed, and which we had before been anxious to have carried into effect.

No interest was allowed upon the account up to the time of its having been withdrawn ; and at the end of the year the new arrangements of official deposits and payments through the Bank of Upper Canada alone, came into operation, although we only learned that fact incidentally.

Your private account was, I believe, continued in the Bank of Montreal during 1857—at the end of the first quarter of which interest was allowed as agreed upon.

I have the honor to be,

Rev. Sir,

Your very obedient servant.

(Signed,) J. GEORGE HODGINS,
Deputy Supt.

The Reverend Dr. Ryerson,
Chief Supt. of Education.

APPENDIX C.

DR. RYERSON'S Remarks in Reply to a Resolution of the Committee, dated the 21st of July, page 263.

EDUCATION OFFICE,

Toronto, Friday Evening, July 22nd, 1853.

SIR,—I have the honor to acknowledge the receipt of the copy of a Resolution adopted yesterday by the Committee on Public Accounts, to the effect that I be heard further on the subject of the interest on certain public monies deposited by me in the Bank of Upper Canada from 1851 to 1855; also a note from the Clerk of the Committee intimating that my attendance was requested on Tuesday morning next, the 27th instant, at 10 o'clock, A. M.

Having understood that the Committee, from the pressure of other business, and the lateness of the Session, was not likely to do anything more than report the evidence on this subject, I addressed a letter the 8th instant to the Honorable the Receiver General, expressing a desire and proposing to pay the whole amount of the interest in question. I herewith enclose a copy of that letter, and have to state that my offer has been accepted, and that I have paid the whole sum accordingly. I had therefore no reason or wish to detain the Committee further on the subject, and called early this evening upon the mover of the Resolution of yesterday, to inform him that I had arranged some days since to leave town for a few days in order to examine the mode of warming public buildings in the United States, with the view of providing for the warming and ventilation of our new Model Grammar School building in the best and most economical manner, and that it would be inconvenient for me to return to Toronto by Tuesday morning unless my attendance at the Committee was specially required. I learned that the object of the Resolution was to afford me an opportunity of laying before the Committee a brief statement of my receipts, expenditures, and claims in respect to salary and public moneys, and that my attendance was quite optional. I cannot be too grateful for so courteous and kind a consideration in regard to myself; but I think it more becoming in me to leave the matter with the Committee with some explanatory remarks, and two or three concluding observations in my own defence.

1. I make no claims now for special remuneration for extra official services. What I have said on this subject in my statements to the Committee was intended for the vindication of my own character, rather than to obtain additional remuneration,—to show that if there was any indebtedness in the matter, I was, at least *in equity*, the creditor rather than the debtor; since it was known to my friends, as well as to some members of the Government, before the commencement of the present Session of the Legislature, that I intended, under any circumstances, to repay the full amount of the interest in question either directly to the Government, or by applying it and reporting its expenditure from time to time for public purposes.

2. During my preliminary tour of inquiry of more than a year, (in 1844–5), with a view of laying the foundation of a practical and permanent system of public instruction in Upper Canada, I charge the country with not a sixpence of my expenses which (besides the payment of a substitute to perform the routine duties of my office in my absence) amounted to £800,—£800 of which I had to provide for out of my small salary, after my return. During six years, from 1848 to 1854, I

not only gratuitously edited the *Journal of Education*, but paid at the time the deficiencies of the voluntary subscriptions for the printing of it, amounting to a considerable sum during some years. Since the Legislature provided for its being supplied to the local school authorities, it has not only continued to be edited as heretofore, but I have accounted for every shilling's private subscription, which might have been justly claimed as a perquisite.

3. As to my salary, the law does not specify any sum, but provides that it shall be the same as that of the Chief Superintendent of Education for Lower Canada. Under that provision it was £500 per annum until 1855, when it became £750, and £1,000 since January, 1857, until the recent reduction in salaries.

4. As to public monies, received, paid, and accounted for by me, a statement of the amount will be found on the 60th page of the printed Minutes of the Committee. By the 34th section, and the 12th sub-section of the 35th section of the School Act of 1850, I am made responsible and required to give security for the faithful payment of all moneys granted for the incidental expenses of my office, and for the support of the Provincial Normal and Model Schools, clearly showing that it was not intended that I should pay or be responsible for other moneys. By the statement on page 60 of the Committee's printed Minutes, it will be seen, that from 1850 to the end of 1856, (when I ceased to be responsible for the safe keeping of public moneys,) I received and accounted for the gross sum of £287,333 6s. or \$1,149,333; that the moneys which I was required by law to receive, pay, and account for, amounted to £18,582 4s. 10d., or \$74,369; and that the moneys I have received, paid, and accounted for, (and administered the law respecting the expenditure of,) beyond what the law required, amounted to £268,781 1s. 2d., or \$1,075,004, (a larger sum than I supposed when I wrote my letter to the Receiver General). Had any part of this money been lost, or not forthcoming, through the failure of the Bank, or unfaithfulness on the part of any person to whom I was often compelled to entrust it, I was legally responsible for every farthing. My most unscrupulous assailants have not ventured to assert—not even my accuser before the Committee—that a shilling of this large sum of money has not been duly accounted for; nor will they, I imagine, assert that a person ever acted as treasurer and paymaster for a million of dollars of public money without receiving any remuneration for his responsibility and trouble. For I was not a trustee as has been asserted, but a treasurer and paymaster. Since the 1st January, 1857, I have acted simply as paymaster.

5. But, I repeat, I do not apply for extra remuneration for such extra official responsibility and labor. Though I have been in public life upwards of thirty-three years, and an officer of Government upwards of thirteen years, I have not accumulated a year's subsistence for my family in advance, in the event of my decease; yet I purpose now, as during my whole life until 1855, to leave others to decide what remuneration I may be entitled to, without any application, direct or indirect on my part. But when accused of being a "peculator" upon the funds of that country whose honor and interest it has been the pride and aim of my life to advance, I have felt myself justified and impelled to make personal references and assert equitable rights which I should never have otherwise mentioned.

6. I beg permission to offer a remark or two on the question of accusation itself, though now of no practical application. The impression conveyed by the reported evidence of the Cashier of the Bank of Upper Canada, is, that he had not intended the interest paid on public moneys at my credit at the Bank to be for my benefit. This, however, could not have been the impression of the Cashier of the Bank of Upper Canada in 1851 when the arrangement was made; for it was clear that Mr. Hodgins did not call upon him in behalf of the Govern,

ment, but on my account; and, had he supposed that the interest was intended as public money, his reply would have been natural and consistent that the Bank did not allow interest on public moneys. But the fact that Mr. Hodgins applied to the Bank on my account, that the Bank did not allow to the Government interest on public deposits, but consented to allow interest on public moneys at my credit there, shows that all parties must have understood the arrangement in 1851 as one affecting myself personally, whatever other impressions may be entertained in 1858. Then I refer to the circular from the Inspector General's Department, dated 1st January, 1857, of which a copy will be found on the 60th page of the Committee's printed Minutes, as showing beyond doubt that up to that date all public moneys received by me or other parties were deposited at our personal responsibility and discretion, and that it was then proposed to change the system. I make those references to show that I could have entertained no other impressions on the deposit of public moneys and any incidental advantages, as well as personal responsibility and discretion connected with it, than those which I have expressed to the Committee, until I learned in 1857 the legal aspect of the question, when, as the honorable the Attorney General has stated, I proposed to give it effect.

7. In conclusion, it remains for me to say a word respecting the author of this accusation. Had his object been the discharge of a public duty, rather than the accomplishment of a particular purpose, his inquiry of the Bank in 1856, as to whether interest had been allowed on public moneys at my credit there, would not have been limited to me or confined to the Bank of Upper Canada, but would have been general in respect to all persons who had deposited public moneys, and to all Banks in which public moneys were deposited. Had this general inquiry been instituted, I could not have been selected as the special object of attack, and the general reason for the circular of the Inspector General would have been apparent. Then, as the Government had taken action on the subject, and I had accounted for the receipt of the money in question, and was awaiting the instructions of the Government respecting the time and mode of its payment, the alleged reasons for making the charge before the Committee for investigation, are shown to be groundless and a mere pretext for the long-meditated and concerted attack which was, according to prediction, to be fatal to me. I regret that so much valuable time of the Committee has been occupied in the investigation of a prosecution of this kind. It happens that the author of this charge against me has, during the last three years, sustained a similar relation to Upper Canada College and the Toronto University that I have to the Normal and Model Schools—at least in recommending and overseeing the expenditures of money; but of such expenditures no account has been laid before the Committee, and no investigation respecting them instituted, though they have, both ordinary and extraordinary, increased beyond all comparison or precedent, and must doubtless be the subject of future Parliamentary investigation and action.

I have the honor to be,

Sir,

Your obedient servant,

E. RYERSON.

To the Chairman

Committee on Public Accounts.

(Copy.)

EDUCATION OFFICE,

Toronto, 5th July, 1858.

SIR,—I have the honor to request that you will be pleased to inform me at what time and in what way it will be acceptable for me to secure and pay to Government the sum of £1,375 19s. 9d., the amount of interest allowed by the Bank of Upper Canada on public moneys at my credit there, from February, 1851, to November, 1855. I beg at the same time to make the following explanations and remarks on the subject:

After having been called upon by direction of the Inspector General in 1856 to account for the money thus coming into my hands, I addressed a letter to him on the 29th December of that year, giving an account of it in detail, and stating the grounds on which I had thought, and then thought myself entitled to it, stating also at the same time that I did not desire to retain a farthing of it if the Governor General in Council did not think I was both legally and equitably entitled to it. I received no reply to my letter, and not a word from any member of the Government on the subject for more than six months, until the following September; while in England I was informed by a private letter that an Order in Council had passed, to the effect that I should pay the sum in question. Immediately on hearing the rumor of this, Mr. Hodgins (Deputy Superintendent of Education), in my absence, tendered to your predecessor in office the amount of that sum, partly in money, and partly in public debentures. After my return from England I repeated my readiness to do the same thing (notwithstanding my own convictions as to what was equitable, if not legally, due to me), and was as often told not to trouble myself, until I received official notice and instructions on the subject.

In the meantime, Mr. Langton has gone before the House of Assembly Committee of Public Accounts, and charged me with having, not only not accounted for the receipt of the sum in question, of which I had transmitted an account in detail to the Inspector General in December, 1856, but with having refused to obey an Order in Council for its repayment—a charge proved to be without a shadow of foundation by the testimony of both the Attorney General and your predecessor, before the Committee of Public Accounts.

I have also been informed, on what I conceive to be good authority, that owing to the late period of the session and the pressure of other business, there is no probability of the Committee on Public Accounts doing more than reporting the evidence taken before them on the subject.

But statements are made in the public prints, and otherwise, that I have retained in my possession public money to which I am not entitled, and even the Government is attacked for permitting me to do so. I have likewise reason to believe that there are many disinterested and candid persons in the community who think it was not proper or wise for me to have derived any advantage in the way of interest on public moneys passing through my hands, even under the former system, when I was accountable for their safe keeping, as well as for their faithful payment, and though the fact of such having been the usage in other cases is undoubted.

I have never professed to have had Governmental authority for anything that I have done in this respect—never having considered a private conversation an official, much less a governmental act. I have felt that the official responsibility of the proceeding rested with myself, and as such I placed it before Government in my letter to the Inspector General, dated 29th December, 1856. But had I heretofore, or even now, the formal sanction of the Government for retaining interest on public moneys gratuitously allowed me by the bank from 1851 to

1855, I believe it would be better, both on public and official grounds, considering my relations to the country, for me to pay the uttermost farthing of the money in question than to retain any part of it against the honest conviction of any considerable portion of the community.

Under these circumstances, I wish to pay the Government the amount of the interest in question, notwithstanding that, without a farthing's expense to the country, I have made my extensive official tour for the examination of European and American school systems, the result of which is the establishment of our school system of Upper Canada, and notwithstanding that, up to January, 1857 (when I ceased to be responsible for the safe keeping of school moneys, and when my present increase of salary commenced), I have received and paid upwards of \$800,000 beyond what I was required to do by the statute under which I hold office, and for which I have received no remuneration.

I have the honor to be, sir,

Your most obedient servant,

(Signed,) E. RYERSON.

To the Hon. John Ross,
Receiver General,
Toronto.



